

Friday, October 23, 1953

THE BUREAU OF NATIONAL AFFAIRS, INC.
1231 24th Street, N. W. Washington (7), D. C.

C O N T E N T S

TESTIMONY OF:

PAGE

Peter A. Strobel,
Commissioner of Public Buildings Service,
Accompanied by:

Roger Robb,
Counsel - Resumed

249

Sol Schwarz,
New York, New York.

301

Edwin H. Lawton -- resumed.

321

(Afternoon Session - P. 342)

John E. Hill,
Director of Compliance Division,
General Services Administration

365

Maxwell H. Elliott,
General Counsel,
General Services Administration .

408

Friday, October 28, 1955

House of Representatives,
Antitrust Subcommittee of the
Committee on the Judiciary,
Washington, D. C.

The subcommittee met, pursuant to adjournment at 10:00 o'clock a.m., in Room 340, Old House Office Building, honorable Emanuel Celler, presiding.

Present: Representatives Celler (chairman), Keating, and Keating.

Also present: Herbert H. Maletz, Chief Counsel, Kenneth R. Harkins, Co-Counsel of the Subcommittee and Thomas H. McGrail, Assistant Counsel.

The Chairman. The committee will please come to order.

Mr. Strobel, will you take the stand again?

Mr. Robb. Mr. Chairman, there were a couple of items in the record which Mr. Strobel having read the record thought he might perhaps make more clear to the committee. Might he do that at the outset?

The Chairman. After I make a preliminary statement, yes.

I indicated at the last hearing that in this case there is a question of delicacy to say the least and I said that that

was an understatement. Let me make it clear that what I was referring to was the propriety of Mr. Strobel's official conduct in recommending to a subordinate that he award a governmental architectural contract to a very active client of his firm; namely, Serge Petroff. That may not be a violation of law, but it scarcely seems in keeping with the ethical standards demanded of Government officials, and I might add there appears to be a conflict of interest in fact if not in law. Furthermore, less there be any misunderstanding, I do wish to point out, Mr. Strobel, that your activities in prosecuting a claim before the Corps of Engineers on behalf of the firm of Strobel & Salzman in May of 1955 may be more than a question of delicacy and conceivably may involve a possible violation of the Criminal Code, Section 23 of Title 18 of the United States Code which reads as follows:

"Whoever being an officer or employee of the United States or any department or agency thereof or of the Senate or House of Representative acts as an agent or attorney for prosecuting any claim against the United States or aids or assists in the prosecution or support of any such claim otherwise than in the proper discharge of his official duties or receives any gratuity or any share of or interest in such claim in consideration of assistance in the prosecution of such claim shall be fined not more than \$10,000 or imprisoned not more than one year or both."

That statute refers to any claim, however it may have arisen.

Now, you may have acted in utmost good faith, Mr. Strobel. I don't express any opinion on it.

This is not a case where you were prosecuting a claim solely for yourself. If that were the situation, I would not think there would be any violation of statute involved. The fact is, however, that you were prosecuting a claim on behalf of the partnership of Strobel & Salzman and on behalf of Mr. Salzman as well as on your own behalf.

Now we have a number of questions this morning for you concerning many matters which were not covered on Wednesday, but before going into that, Mr. Robb, if you want to make some corrections in the record, we will be very glad to have you do so.

Mr. Robb. Yes, sir.

Mr. Strobel thought perhaps the record was not entirely clear on one point and on another point, Mr. Chairman, where Mr. Strobel said to the best of his knowledge the list shown him of present clients of the firm was correct.

The Chairman. Let Mr. Strobel then make the correction.

Mr. Robb. Yes, sir.

The Chairman. What page are you referring to in the record?

TESTIMONY OF PETER A. STROBEL, COMMISSIONER OF
PUBLIC BUILDINGS SERVICE, ACCOMPANIED BY ROGER

ROBB, COUNSEL - Resumed

Mr. Strobel. I'm referring to page 104.

The Chairman. Go ahead.

Mr. Strobel. There Mr. Maletz brings out the point that the present clients of the firm amount to 32. I want to make a correction on that. Instead of 32, it is only 17.

Mr. Maletz. That is 17 active clients at the present time, is that right?

Mr. Strobel. That is correct.

Mr. Maletz. What about a case where you have a client under contract to do a job, but the job has not been started? Would that be in addition to the 17?

Mr. Strobel. I don't think so. The list of 32 was taken out from the list made up by the office of Strobel & Salzman. As far as I know that includes also clients that were clients before July 1, 1954. In other words they were carried over.

Mr. Maletz. That is correct. I asked Mr. Schwarz to prepare a list of all clients of the Strobel & Salzman firm from May 1, 1953 to the present date. Is the list which is now in the record an accurate one on that basis?

Mr. Strobel. I can't answer to that because I didn't make the list, and I hadn't examined that in detail.

Mr. Maletz. Mr. Schwarz will testify to that at a subsequent time.

Mr. Robb. We have this list that Mr. Strobel referred to. Would the Chairman like to have that for the record?

Mr. Fine. He wants to offer the list that he has now

ps 10

250

not that it was a gain to Mr. Petroff personally.

The Chairman. There is nothing in the record to show that Mr. Petroff was doing the Government a favor.

Mr. Fine. I asked the question and it is in the record of Mr. Strobel and Mr. Strobel answered in the affirmative.

Mr. Robb. That is correct.

Mr. Strobel. I answered it this way. It would not be a favor to me, it would be a favor to the United States Government assuring that we got out of a very tough situation.

Mr. Keating. I would like to ask a question or two at this point, Mr. Chairman. The Washington Post has written an editorial this morning based upon the evidence to date and before the hearings are closed, in which they say, they refer to three incidents recently in the news which they say indicates official laxness or immorality. I think they may have a good deal perhaps to their point as to two of the three. I am referring now to the matter before us. I want to be sure that I have this testified correctly to date which is the basis upon which this editorial was written. It refers to the remarkable obtuseness of Public Buildings Commissioner Peter A. Strobel in failing to see any conflict of interest between his Federal duties and his continuing 90 per cent interest in the New York consulting firm bearing his name.

In the last Administration, as the Chairman knows, there was a question about conflict of

compiled.

The Chairman. That will be accepted.

(The matter referred to is as follows:)

The Chairman. Do you want that at the point you indicated or now in the record?

Mr. Robb. It doesn't make any difference to us whichever way the Chair prefers.

The Chairman. It will be put in at this point.

Mr. Strobel. There is one other point, that even though the testimony as it was given the other day is technically correct, the impression that has been made by the press is completely erroneous.

The Chairman. We can't take any responsibility for any impressions gathered by the press. That works both ways.

Mr. Strobel. Let me withdraw that reference.

The Chairman. I could very well say that some of my statements have been misinterpreted. I think the press does a very fine job. These are very fine fellows around the table, and they do the best they can. They may not agree with me or with you. Impressions are not matters of record here and we cannot change whatever the impressions may have been in the minds of the reporters.

Mr. Strobel. Mr. Chairman, let me make my remarks to say that I would ~~like to add~~ to the statement clarifications as to the full percentage participation of the partners of Strobel & Salzman in the firm's net profit. I have no quarrel with the press, and I certainly don't want to get into any such argument. However, the 90 per cent was mentioned. The facts are these. In

1953 the percentage distribution between Mr. Salzman and myself was 24 per cent to Mr. Salzman, 76 per cent to me. In 1954, which is after I came down here the distribution was 40 per cent to Mr. Salzman and 60 per cent to me.

The Chairman. Were the terms of the agreement changed?

Mr. Strobel. No, that has nothing to do with the change of the agreement.

The Chairman. That was the net result of all the transactions?

Mr. Strobel. That was the net result. In other words, instead of saying I have a 90 per cent interest in the business, it must be explained this way, that my interest varies from actual losses out of my pocket in case the business shouldn't make any money --

The Chairman. I think you did say that Mr. Salzman when he brought in business, that increases his percentage of the intake.

Mr. Strobel. Under any normal conditions, the percentage of Mr. Salzman could not be much less than 20 per cent.

Mr. Maletz. Mr. Strobel, is it not true that on January 3, 1955 you entered into a new partnership arrangement with Mr. Salzman?

Mr. Strobel. That is correct. There was a change.

Mr. Maletz. Is it not correct that under the terms of that arrangement you owned all the assets of Strobel & Salzman?

Mr. Strobel. That is correct.

Mr. Maletz. Is it also not true that under the terms of the arrangement Mr. Strobel and Mr. Salzman are each entitled to a drawing account of \$12,000 yearly?

Mr. Strobel. I don't think so. I think it is \$15,000.

Mr. Maletz. \$15,000 a year.

Is it also not true that under the arrangement, the amount of money remaining after deducting from the profits the drawing accounts, is to be distributed 90 per cent to Mr. Strobel and 10 per cent to Mr. Salzman?

Mr. Strobel. That is correct.

Mr. Fine. Mr. Chairman, before you ask any further questions I want to clarify something you have just stated in your opening remarks. I would like very much to have you, Mr. Robb, if you will, provide this committee with your contentions as to this alleged violation of Section 283 of Title 18 of the United States Code. In so far as it relates to that claim which was prosecuted before the Corps of Engineers. I am not too sure I agree with the Chairman there was a violation of the section.

The Chairman. I said there may be.

Mr. Fine. Yes, you said there may be.

Mr. Keating. The Chairman said it was not in his opinion --

The Chairman. That referred to the conflict of interest statute. This was a matter before the Corps of Engineers.

Mr. Robb. I should be glad to do that. I haven't given it

much study up to now. If the statutes were construed to prohibit what Mr. Strobel did, I take it it would mean that if a partner in a firm had a claim for back income taxes or for an income tax refund and he then took a Government job, he could not make a claim for that income tax refund after he came to Washington, which I think would be a rather peculiar result. I think the statute has been construed, sir, to mean that a person may not prosecute a claim as an agent or attorney for some other individual or entity not for himself. In this case this claim was Mr. Strobel's own claim, his partnership claim.

The Chairman. I think your interpretation is sound, but many minds may differ on that. Let's not get into legal arguments. We would be very glad to get your version of this, Mr. Robb. I think it might be very enlightening to the committee. We will be glad to have it.

Mr. Fine. I want to clarify something that was bothering me, Mr. Chairman. In the first paragraph of your opening statement you used the words -- you were referring to the propriety of Strobel's "official conduct in recommending to your subcommittee that he award an architectural contract to a very active client of your firm, namely, Serge Petroff." If I understood the record of the last hearing, Mr. Strobel recommended Mr. Petroff only because there was the need for rush in the fixing of the building on Columbus Avenue, and that Mr. Petroff, like all other architects, would be doing the Government a favor and

25

not that it was a gain to Mr. Petroff personally.

The Chairman. There is nothing in the record to show that

~~Mr.~~ Petroff was doing the Government a favor.

Mr. Fine. I asked the question and it is in the record of

~~Mr.~~ Strobel and Mr. Strobel answered in the affirmative.

Mr. Robb. That is correct.

~~Mr.~~ Strobel. I answered it this way. It would not be a favor to me, it would be a favor to the United States Government, assuring that we got out of a very tough situation.

Mr. Keating. I would like to ask a question or two at this point, Mr. Chairman. The Washington Post has written an editorial this morning based upon the evidence to date and before the hearings are closed, in which they say, they refer to three incidents recently in the news which they say indicates official laxness or immorality. I think they may have a good deal perhaps to their point as to two of the three. I am referring now to the matter before us. I want to be sure that I have this testimony correctly to date which is the basis upon which this editorial was written. It refers to the remarkable obtuseness of Public Buildings Commissioner Peter A. Strobel in failing to see any conflict of interest between his Federal duties and his continued 90 per cent interest in the New York consulting firm bearing his name.

In the last Administration, as the Chairman knows, there was no one more vociferous about corruption, about conflict of

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

interest, about matters that were not only illegal, but matters which bore on the question of morality, which were unethical, and my position is just exactly the same in this Administration. However, in individual cases, when a particular person is charged, it certainly is the duty of this committee, which I know the Chairman shares, to be sure that any person is fairly dealt with and that no conclusions are drawn which are unwarranted. In discussing Mr. Strobel's testimony this statement is made: "Mr. Strobel has testified that he did work for the New York firm and helped several of its clients to obtain contracts after he took his Federal post."

That is the basis of their claim of lack of morality.

Now, am I in error that the only case where there is even any evidence that you, Mr. Strobel, helped any client to obtain contracts was in the Petroff case?

Mr. Strobel. That is correct.

Mr. Keating. The other case of an architect, some Evans, Chapman firm was something that you didn't even know was going on. You had no hand in that whatever and the contract was let by a subordinate.

Mr. Strobel. That is correct.

Mr. Keating. In other words, the use of "several" is erroneous in the statement I read.

Mr. Strobel. That is right.

Mr. Keating. There is only one instance, that of Mr. Petroff.

and that is subject to the explanation which you have given here.

Mr. Strobel. That is right.

Mr. Keating. In that case you did not in any way direct your subordinate, as he has testified, to employ Mr. Petroff. You simply made the suggestion of his name as one who would do, in your opinion, from experience, would do a satisfactory job in a very limited time.

Mr. Strobel. That is correct.

Mr. Keating. In your judgment, it was an unusual situation; am I correct?

Mr. Strobel. That is correct.

Mr. Keating. It says that you continued your private activities despite the clear provisions in the standards of conduct of the parent General Services Administration, and then it quotes the statement in that so-called code of ethics or something of the General Services Administration. It says:

"Mr. Strobel's insistence that he made his outside connections known to his superiors constitutes an indictment of laxity in General Services Administration and the Department of Justice for permitting the activities to continue."

Now, as regards you personally, the witness refers, you did when you signed this document, put down at the bottom this statement to the effect that you were going to retain, it was understood that you were to retain your other connections, and that you made known to Mr. Mansure, the Administrator of GSA, that

you were going to retain it; is that correct?

Mr. Strobel. That is right.

The Chairman. When did you sign that document, Mr. Strobel?

Mr. Strobel. The document referred to must be the one I signed December 27, 1954.

The Chairman. Was that one year after your appointment?

Mr. Strobel. No, that would be five months after

The Chairman. Did you get written approval from anybody to engage in the outside activities?

Mr. Strobel. No. I testified there was no written document pointing out that situation.

Mr. Keating. It refers to the Department of Justice, indicating by inference that there is an allegation on the part of someone that you have committed a criminal act, because that is the only time that the Department of Justice would come into play here. The Chairman has stated publicly that in his opinion this did not constitute a violation of the conflict of interest statute and certainly I agree with that. I think in fairness to you, those things should be brought out. It raises a much bigger question, whether anyone coming into Government employ should give up completely all outside business connections and interests, dispose of his holdings and get out. That can be done sometimes with regard to a person who only has stock holdings in a company, when it cannot be done by a person situated like you are, being the spark plug of a business which you hope some time to return

to. Perhaps that is what we must come to in Government in order to divorce Government people entirely from any possible temptation to further their own outside interests as against the interests of the Government. If we do come to that, of course, it is going to result in some deterioration in the caliber of the people working for the Government.

It is going to mean that the only people that will work for the Government are people who are looking for jobs instead of going out and trying to get people to come here. If we are going to do that, obviously the same rule should apply to members of Congress because the situation is just the same.

We are servants of the Government. There are relatively few members of Congress who have given up all their law practice, all their cotton, tobacco and peanut farms and all their stock in any companies in order to serve as members of Congress. Perhaps that is what we must come to, because certainly the purity and singleness of any interest of anyone serving the Government, whether it be in the Executive branch or the Legislative branch, must be beyond any question.

I do think those observations are pertinent at this point in the light of the editorial which I refer to.

The Chairman. As to the Department of Justice, do you know, Mr. Strobel, that on October 4, 1955, this entire matter was referred to the FBI?

Mr. Strobel. No, that is news to me.

Mr. Keating. What date?

The Chairman. October 4, 1955. That is why very likely the Washington Post mentioned the Department of Justice.

Mr. Keating. Does the Washington Post, like the Chairman, have a pipeline to the FBI?

The Chairman. I don't know. I have no pipeline to the FBI, but I know this was referred.

I think it would be advisable for the gentleman from New York with reference to characterization of the activities of Mr. Strobel to be a little patient and wait until the entire evidence is unfolded.

Mr. Fine. Which gentleman from New York?

The Chairman. There will be additional evidence this morning concerning more clients.

Mr. Keating. That is exactly why I brought it out at this point, if the Washington Post was writing editorials based on confidential information given to them by someone else, that is one thing. My mind is completely opened. I am not in any way claiming or contending that this witness before us is free from all fault or that the evidence -- I don't know what the evidence that the Chairman has is going to be. I am basing it upon the evidence to date which is by inference the basis of the editorial which is written here.

Of course, if the Washington Post knows a lot of things that I do not know, that is not in evidence, that is a different story

entirely.

The Chairman. We are not putting the Washington Post on trial.

Mr. Keating. No. I often agree with their editorials. I am just bringing this out because this is a lead editorial in this morning's paper and I just wondered where they got their statement that he had helped several clients to obtain contracts because the evidence to date doesn't bear that out. It says that he testified he worked for the firm and helped several clients. That is not his testimony to date, and the entire editorial is based upon a misunderstanding of the testimony up to this point. If there are a lot of other cases, that is something entirely different.

Mr. Rodino. Mr. Chairman, may I ask a very pertinent question?

The Chairman. Yes. You have been very patient.

Mr. Rodino. Mr. Strobel, at any time after you added the reservation clause to this code of standards form, were you questioned by your superior as to the propriety? Did they raise a question relative thereto?

Mr. Strobel. The question was asked by counsel the other day if I had been requested to furnish around that time a list of the firms, clients, and I think I answered to the best of my recollection that I couldn't remember, but I was asked later, in further answer to your question, I was asked by Mr. Mansure, I

would say about some time in late July or early August --

Mr. Maletz. What year, Mr. Strobel?

Mr. Strobel. Of '55 -- to get the list of clients in, and I did furnish that as fast as I could after that time.

Mr. Rodino. When did you furnish that list?

Mr. Strobel. It is dated August 30, 1955.

Mr. Rodino. When did you sign this reservation?

Mr. Strobel. I signed that December 27, 1954.

Mr. Rodino. Did Mr. Mansure at any time suggest to you that the reservation was not in keeping with the code of ethics?

Mr. Strobel. No, sir.

Mr. Rodino. And this list of clients was furnished to Mr. Mansure some eight months -- you say in August of 1955 -- some eight months --

Mr. Strobel. That is right.

Mr. Rodino. That is all, Mr. Chairman.

Mr. Fine. Do you mean by your answer to Mr. Rodino on his question that Mr. Mansure after December 27th never felt that your reservation was a violation of that affidavit?

Mr. Strobel. As far as I recall he did not bring up any point until around August 1st or some time in July.

Mr. Keating. Of this year?

Mr. Strobel. Of this year.

Mr. Rodino. One further question. Mr. Strobel, it seems to me that from your previous testimony you wrestled for quite

a long time with the decision that you were to make as to whether you would sign or not sign this code of ethics form, and that any time during that period, prior to your actual signing and adding this reservation, did you then discuss with anybody whether or not you should sign it in that way or add the reservation clause?

Mr. Strobel. No. As I testified the other day, that particular form was on my desk for a long time.

Mr. Rodino. Yes.

Mr. Strobel. It got covered up and I --

Mr. Rodino. What do you mean by "got covered up"?

Mr. Strobel. Under a pile of work.

Mr. Rodino. It was an important document?

Mr. Strobel. That is right. It was an important document, yes.

Mr. Rodino. Weren't you contacted during this period of time by anyone requesting that you sign it or at least take some action relative to it?

Mr. Strobel. I don't recall. I can't say whether I was contacted or not. I do remember that a routine check was made on the employees that had not turned in a signed statement, and I was among them, and I was urged to sign it, and that is how I came about to sign it on December 27, with reservations. Obviously I could not sign that in good faith without making the reservation.

Mr. Rodino. Did the Office of Compliance request you to turn

over a list of clients that you might have had?

Mr. Strobel. That was what I answered to before. As far as I can recollect that request came later; however, that doesn't mean that my memory couldn't fail on that issue.

The Chairman. I would like to ask you whether as Commissioner of Public Buildings you had, shall I say, a very large real estate organization?

Mr. Strobel. Yes, I think I would have to admit to that.

The Chairman. Would you say it is one of the largest in the world?

Mr. Strobel. One of the largest in the world.

The Chairman. How many Federal buildings are you responsible for?

Mr. Strobel. Approximately 5,000.

The Chairman. And how many employees of the Public Buildings Service, how many does it have at the present time?

Mr. Strobel. I have in the central office here in Washington approximately 3 4 employees.

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

The Chairman. That is in Washington?

Mr. Strobel. That is in Washington. We operate through a decentralized method and cover our operations through ten regions. There are a total of approximately 20,000 Public Buildings Service employees in all the regions.

The Chairman. Do you operate abroad, too, outside the Continental United States?

Mr. Strobel. Yes, we have jurisdiction over some people in Puerto Rico and Hawaii and Alaska.

The Chairman. In other words, would you say, also, that the selection of architects for lease-purchase program of the Public Buildings Service is centralized in Washington?

Mr. Strobel. That is one of the very few functions that have not been decentralized, and there is a practical reason for that. It is for the simple reason that when it comes to handling a new building program, the offices in the regions are not fully qualified to handle that type of work. It involves this, that we must have an office, at least one office, that would be second to none in the country as far as design and construction is concerned. We have had a very hard time to keep such an office together right here in Washington.

So I would say, knowing that business very thoroughly, that it would be almost impossible, and it would not be proper on behalf of the government to assume that we could set up such offices, one in each region, to handle new building construction.

There are many practical reasons why that would not be to the best interest of the government.

The Chairman. On the last occasion when we met, you heard testimony to the effect that architects in particular instances were selected on an eenie, meenie, miney, moe basis.

Do you sanction that kind of a basis?

Mr. Strobel. I don't think that describes properly the method. I do agree with the fact that we do not want to get into a competitive bid basis for selecting people to give us professional services. So it is a matter of investigating the qualifications of the people that should be considered, or could be considered for selection, and then make up your mind who would do the best job for you.

The Chairman. I think on the last occasion a question was asked whether you would supply to the committee your total income from Strobel and Salzman during the period from July 1, 1954 to June 30, 1955. Do you have those figures now?

Mr. Strobel. I don't recall that. It would be a difficult figure to get, because it is on an annual basis.

The Chairman. What would you say your annual income is, or has been, from July 1, 1954, to June 30, 1955? What was your annual income from Strobel and Salzman?

Mr. Robb. What were those dates?

The Chairman. July 1, 1954 to June 30, 1955.

Mr. Strobel. The only indication as to what that income

would be would be what income I had for the fiscal year '54, the calendar year '54.

The Chairman. What was that?

Mr. Strobel. I believe that was approximately 30,000.

The Chairman. Would you say that the income for the following year was more or less?

Mr. Strobel. Are you talking about my personal income, or the firm's income?

The Chairman. Your own personal income from Strobel and Salzman.

Mr. Strobel. That is right.

Mr. Keating. What was it the year before?

Mr. Strobel. The year before, so far as I recall, it was more than double.

Mr. Keating. Before you came to government?

Mr. Strobel. That is right.

Mr. Keating. It was more than double what it was the year after you came to the government?

Mr. Strobel. That is right.

Mr. Keating. What is it this year?

Mr. Strobel. I have no idea.

Mr. Keating. Have you thought about it? Will it be more or less than the previous year?

Mr. Strobel. It is definitely going to be a great deal less than what it was prior to my coming down here.

Mr. Keating. Will it be more than 30,000?

Mr. Strobel. I don't know. It is possible that it could be more. It is also possible it could be less.

We are not through the fiscal year '55 yet.

Mr. Maletz. Mr. Strobel, you testified on Wednesday that two clients of Strobel and Salzman; namely, Petroff and Chapman, Evans and Delahanty, had done work for the Public Buildings Service since you assumed government post.

Mr. Strobel. That is correct.

Mr. Maletz. Are these the only two clients of Strobel and Salzman which have done work for the Public Buildings Service since you assumed your office, your government post?

Mr. Strobel. I am trying to recall. We had a panel of building design and construction experts establish shortly after I took office to view our methods in design and construction, and as chairman of that group there was a Mr. Lundin, an architect from New York. I don't know whether he is listed as a client. I don't think he has ever been a direct client, though he was an associate architect on a project that we did for another architect, or for the builder.

Mr. Maletz. You say that Carson and Lundin was selected by the Public Buildings Service to work on that panel?

Mr. Strobel. Yes, sir; they were selected by me.

The Chairman. Selected by you?

Mr. Strobel. Yes.

Mr. Maletz. Was any other client?

Mr. Strobel. I don't recall any.

Mr. Maletz. Mr. Strobel, do you recall writing a letter to Mr. Schwarz of Strobel and Salzman on September 1, 1954?

Mr. Strobel. Not unless I see the letter.

Mr. Maletz. Mr. Robb, I believe you have the document.

Mr. Robb. Would you give us what the letter is about?

Mr. Maletz. Will you examine this, Mr. Strobel, and tell us whether this is a true and accurate copy of the letter you sent to Mr. Schwarz.

(The document was examined by the witness.)

Mr. Strobel. That is correct.

Mr. Maletz. Would you read that letter, Mr. Strobel?

Mr. Strobel. "Dear Schwarz:

"Please let me have the home addresses (legal addresses) of the following:

"Mr. Henry F. Richardson, Partner
Meyer, Strong and Jones Construction Co.

"Mr. Earl Hugo Lundin
Carson and Lundin
50 Rockefeller Plaza

"Mr. Archie Milton Erickson, Partner
Wilcox and Erickson
Consulting Engineers

"Mr. C. F. Rosenburgh, Director

Turner Construction Co.

"If you have to contact them directly, do not divulge any information as to why you want their addresses.

"Your letter mailed at 1:45 p.m. August 1 was received by me at 3 p.m. September 1."

Mr. Maletz. Mr. Chairman, I offer that document in evidence.

The Chairman. It will be received.

(The document referred to is as follows:)

Mr. Maletz. Do you recall hiring Wilcox and Erickson, or Mr. Erickson personally?

Mr. Strobel. Mr. Erickson was a member on the panel I mentioned.

Mr. Maletz. Therefore, you hired two clients of Strobel and Salzman for this job?

Mr. Strobel. Mr. Erickson is not a client of Strobel and Salzman. He is a competitor.

Mr. Rodino. Which Mr. Erickson is this?

Mr. Maletz. Are you referring to Mr. Erickson of Wilcox and Erickson?

Mr. Strobel. That is correct.

Mr. Maletz. Would you refer to the list of clients which you submitted to Mr. Mansure on August 30, 1955?

Will you tell us whether Wilcox and Erickson are on that list?

Mr. Strobel. Yes, they are on that list. I don't know why. I am trying to recall when they might possibly have done any work for us.

Mr. Maletz. Would it be correct, then, that you selected two of the clients of Strobel and Salzman to review Public Buildings Service's standards?

Mr. Robb. Mr. Chairman, might I inquire whether counsel means clients at that time, or people who had previously been clients?

Mr. Maletz. Persons to whom Mr. Strobel referred to as clients when he submitted this list to Mansure.

Mr. Robb. There is quite a difference between the two.

Mr. Strobel. I would like to say this, that as regards Mr. Lundin or Mr. Erickson, they cannot be classified as true clients of Strobel and Salzman. We have never done a job directly for Carson and Lundin. We were hired as consulting engineers on a large building which was being done by a construction firm that is our client. Mr. Carson or Mr. Lundin, however, was not the architect on that. He was an associate architect, and I therefore had no direct financial dealings or contact with Mr. Lundin. I do remember years ago, I think it was way back in 1946, sitting in in one conference with Mr. Lundin.

Mr. Keating. Was Lundin listed on that list of clients you furnished?

The Chairman. No, he was not listed.

Mr. Keating. Then the only one listed is this Erickson concern. Can you explain how you happened to list them?

Mr. Strobel. I can't explain why he got on as a client. As I say, he could not, by any stretch of the imagination, be called a client. Although he is a friend of mine, he is a competitor. He has a similar business to Strobel and Salzman.

Mr. Keating. It would be like my calling the chairman a client, a competitor. I am just a weak competitor.

Mr. Strobel. That is right. We had one dealing with him

in this respect. We loaned Mr. Erickson at the time he was pressed for getting some work out, we loaned him a man from our office. As far as I am concerned, that has nothing to do with client relationship.

Mr. Maletz. Do you recall the reason why you wanted the home addresses of these persons?

Mr. Strobel. I wanted to get in touch with them as fast as possible, and I wanted to deal with those people as individuals, not necessarily as members of these firms.

Mr. Maletz. And subsequently, it is correct, is it not, that you personally signed contracts with Mr. Erickson and Mr. Lundin?

Mr. Strobel. That is correct.

Mr. Maletz. To review Public Buildings Service standards.

Mr. Strobel. As members of the panel.

Mr. Maletz. Is it correct that this job required about two months' work?

Mr. Strobel. No, actually it required more than that. I think it took them approximately five months to submit their reports, which was a very big volume.

Mr. Maletz. Do you recall what the compensation was to Mr. Lundin and to Mr. Erickson?

Mr. Strobel. I think the compensation was in the magnitude of \$3,000, and I might add, a very nominal sum, considering the time we required from these people as principals.

Mr. Maletz. Is it your testimony now, **Mr. Strobel**, that your listing of Wilcox and Erickson as a client of Strobel and Salzman was an error?

Mr. Strobel. I think it was an error, yes, sir.

Mr. Maletz. **Mr. Strobel**, you testified on Wednesday that you are acquainted with Robert and Company of Atlanta, Georgia?

Mr. Strobel. That is right.

Mr. Maletz. Is it not a fact that in the latter part of 1954 Robert and Company made efforts to help Strobel and Salzman get an engineering contract from the city of Dearborn, Michigan, to design an incinerator plant?

Mr. Strobel. That is right. As I explained, **Mr. Robert**, and some of his men in the firm of Robert and Company Associates, architect-engineers, are interested in International Incinerator, Inc., which is the licensed holder for a patent on incinerators, and I think the particular reference you make was a case where the office of the International Incinerator asked us if we, if Strobel and Salzman, were interested in possibly taking on engineering work from the city. I think it was Dearborn.

We had had experience in that particular incinerator working out the contract we had with the city of New York.

Mr. Maletz. **Mr. Strobel**, will you examine three documents, and tell the committee whether you can identify these documents?

(The documents were examined by the witness.)

Mr. Strobel. That is correct.

Mr. Maletz. Are those documents true and accurate?

Mr. Strobel. That is correct.

Mr. Maletz. Mr. Chairman, I offer these documents in the record at this point.

Mr. Strobel. I should like to explain --

Mr. Maletz. Excuse me. I want to identify these documents. The first is dated March 31, 1954.

Mr. Keating. Would you read them, or let me see them?

Mr. Maletz. Certainly.

These documents establish, do they not, that Robert and Company helped Strobel and Salzman get a contract with the city of Dearborn in March 1954?

Mr. Strobel. That is right.

Mr. Maletz. The first document I offer in evidence is dated March 31, 1954, a letter from Frank M. Tobin, vice president and general manager of International Incinerators Incorporated, to Strobel and Salzman.

That company, I take it, is an affiliate of Robert and Company?

Mr. Strobel. Not exactly, although I understand that Mr. Robert has a financial interest in the company.

Mr. Maletz. And attached to that letter is a letter dated March 26, 1954, from William Sharpe, Engineering Division of the City of Dearborn, to Robert and Company.

The third document is a copy of the letter from Robert and

Company to the City of Dearborn, Michigan, dated March 30, 1954.

The Chairman. They will be accepted in the record.

(The documents referred to are as follows:)

Mr. Strobel. Mr. Chairman, I would like to say this, even though the top letter is addressed to my attention, I had nothing personal to do with what subsequent action, if any, was taken on that issue.

Mr. Maletz. Mr. Strobel, I take it that Strobel and Salzman actually did not get the engineering contract from the City of Dearborn, Michigan.

Mr. Strobel. As far as I recall, they did not.

Mr. Maletz. Do you recall writing to Robert and Company on June 20, 1950, soliciting business from Robert and Company?

Mr. Strobel. That is correct.

Mr. Maletz. You have before you a copy of a letter which you sent on June 20, 1950, to Robert and Company.

Mr. Strobel. Right.

Mr. Maletz. Mr. Chairman, I offer this document in evidence.

The Chairman. Accepted.

(The document referred to is as follows:)

The Chairman. Read it.

Mr. Maletz. This is from you to Robert and Company.

"Robert and Company Associates,

96 Poplar Street,

Atlanta 3, Georgia.

"Attention of Mr. A. G. Stanford, Vice President.

"Gentlemen:

"Mr. George Nielsen of F. L. Smidth and Company told me that he mentioned our firm to you in regard to a possible New York City installation of the patented incinerator.

"This letter is, therefore, being written to acquaint you with the types of work which we have done and also to let you know that we would be pleased to cooperate with your office as local structural engineers and permit applicants.

"Enclosed is a brief descriptive list of some of the projects completed by us, which will give you an idea of the varieties and classes of work performed by our organization. The writer also wishes to mention the fact that he has, for many years, known Mr. Frederick H. Zurmuhler, Commissioner of Public Works for New York City.

"We are, of course, interested in the structural design phase of the work, but will be pleased to lend our assistance in introducing this incinerator in the New York territory.

"Very truly yours,

Strobel & Salzman, by Peter A. Strobel."

Do you recall, Mr. Strobel, testifying on Wednesday that Robert and Company was engaged by Strobel and Salzman as subcontractors to draw up plans and specifications for a patented incinerator?

Mr. Strobel. I testified that they were engaged as subcontractors to furnish plans and specifications covering the patent incinerator. This letter does not indicate what actually took place later on, in this respect, that Strobel and Salzman became the prime contractor with the city of New York. It was a large incinerator alteration.

The construction cost is running to six million, I believe.

I would like to say that part of the work that Robert and Company did in that contract amounted to, I believe, approximately 17 drawings out of the total set of drawings of 140, plus or minus.

I am mentioning those figures to indicate the rather small part of the work.

Mr. Maletz. When was Robert and Company engaged by Strobel and Salzman?

Mr. Strobel. That was subsequent to this letter here. I don't know exactly what year it was.

Mr. Maletz. Would it be in 1954?

Mr. Strobel. No, I think it might have been earlier.

Mr. Maletz. Do you recall you testified on Wednesday that on or about February 7, 1955, while you were in Atlanta on GSA

business, you had some discussions with Robert and Company concerning this project?

Mr. Strobel. That is correct.

Mr. Maletz. I take it it was with regard to the subcontract which Robert and Company had taken with Salzman and Strobel?

Mr. Strobel. That is right.

Mr. Maletz. Now, Mr. Strobel --

Mr. Fine. I just want to get that clarified. I remember the testimony that Mr. Strobel gave, that he spoke to Mr. Robert, or somebody down in Atlanta, Georgia, about what had happened to this incinerator plant that had been in operation for a long time before, or a contract had been let for some time before.

Mr. Strobel. Well, the work had, by that time, been completed, as far as they were concerned, but the contract has not been terminated, our contract with the city has not been terminated, we are still working on it, or the firm.

Mr. Fine. But Robert and Company's participation has been completed?

Mr. Strobel. They are out, that is right.

Mr. Maletz. Mr. Strobel, is it correct that, acting in your capacity as Commissioner of Public Buildings, you personally approved the negotiation by the Public Buildings Service of an architect and engineering contract with Robert and Company for modifying and adding to specifications for the Communicable

Diseases Center of the Public Health Center at Atlanta, Georgia, and that that contract called for a fee to Robert and Company of \$24,200?

Mr. Strobel. That is correct. I would like to explain the background for that.

Mr. Maletz. May I ask you a few questions, and then I am sure that the committee will be delighted to have the explanation. I just want, if I may, show you a copy of the contract and ask you whether it is a true and correct copy. Is that an accurate copy of the contract?

Mr. Strobel. Right.

Mr. Maletz. And you signed the contract, did you?

Mr. Strobel. Right.

Mr. Maletz. Now, could you tell the committee why you did not disqualify yourself from negotiating a contract with Robert and Company, in view of the private business relationships between Robert and Company and Strobel and Salzman?

Mr. Strobel. Well, Mr. Chairman, I would like to explain the development of that contract. We are talking about plans --

Mr. Maletz. Excuse me.

Mr. Chairman, may I offer this contract in evidence?

The Chairman. Yes.

(The contract referred to is as follows:)

The Chairman. Go ahead.

Mr. Strobel. The project we are talking about is a very large one, expected to cost about \$12 million, for a Communicable Diseases Laboratory in Atlanta, Georgia. Several years ago Public Buildings Service was given funds to have plans and specifications prepared for quite a number of projects. This was one of them.

I believe these plans were completed something like three years ago. They have gone on the shelf ever since.

Now, under the purchase contract law, this project was activated and approved by the Public Works Committee, and is one of the 26 projects that were mentioned the other day.

Even though the plans were completed under contract with the Public Buildings Service at that time by Robert and Company --

Mr. Keating. You mean the original plans?

Mr. Strobel. The original plans were completed by Robert and Company.

Mr. Keating. Long before you had anything to do with the Public Buildings Service?

Mr. Strobel. Long before I had anything to do with it. And I think their fee at that time was something like \$340,000, that is the figure, as far as I can recall it.

Mr. Maletz. Would the figure be \$382,000?

Mr. Strobel. That could be it, yes.

In reactivating this project, the Department of Health,

Education and Welfare wanted some changes and additions made --
which is natural, considering that the plans were completed. So, in the makeup of the prospectus for this project there was included an expenditure of some, I think, \$480,000, which would cover the additional changes and additions for which we had to have plans made. The code of ethics among professional people would dictate that Robert and Company Associates complete that work.

We did not attempt to negotiate with anybody else, for the simple reason that if we had tried, we would have been turned down. No self-respecting architect would take upon himself to complete this set of plans or make the necessary changes. I had personally very little, or practically nothing, to do with the negotiation of the actual contract; it was done by my subordinates.

I do remember that I had correspondence with the Administrator, because he did not see why Robert and Company should get more work out of the government, considering the work they had recently gotten from other agencies.

I explained to him what I just told you, that this was purely a matter of ethics, and there would be no other way out, than asking him to do the job.

So, on that basis, the contract was negotiated. One reason that it was in the best interest of the government to negotiate with the company, with Robert and Associates as

architects, was because I am sure -- at least I was told by my subordinates -- that if we had to negotiate with other people, in case Robert and Associates declined to do the work, our fee would probably be close to twice what we got Robert to take it for.

So, on that basis, I say no conflict of interest, as far as Strobel and Salzman were concerned, existed.

The Chairman. You say no conflict whatsoever?

Mr. Strobel. Of interest in letting this contract to Robert and Associates.

The Chairman. You felt, then, you should not have disqualified yourself?

Mr. Strobel. Well, the thought really never occurred to me. I could very well have done that.

The Chairman. You were head of a very large outfit handling millions and millions of dollars, and under the circumstances wouldn't the proprieties have dictated to you that you should have disqualified yourself, to say the least?

Mr. Strobel. Well, the thought has occurred to me in the past that in selecting architects and engineers for these projects that are to come, there is bound to be cases where architects and engineers that I have known through Strobel and Salzman are due consideration by Public Buildings Service. And in such cases I will of course disqualify myself.

The Chairman. Did you discuss with the Administrator your

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
relationships with Robert and Company?

Mr. Strobel. I don't think so.

The Chairman. Don't you think you should have done that at least?

Mr. Strobel. I probably shou'd have.

The Chairman. And do you think now, from hindsight, that you might well have disqualified yourself?

Mr. Strobel. I could very well have done that.

The Chairman. Beg your pardon?

Mr. Strobel. I could very well have done that.

The Chairman. Not that you could have, don't you think that you should have?

Mr. Strobel. Well, on the basis of hindsight, yes.

Mr. Maletz. Mr. Strobel, do you recall having a telephone conversation on August 4, 1955, concerning this matter, with Mr. Mansure?

Mr. Strobel. Well, I don't recall the date. It might have been in connection with the memorandum that had been written by the supervising architect, explaining the situation regarding ethics among architects, as I tried to explain.

Mr. Maletz. Do you recall that Mr. Mansure told you in the course of that conversation that there was a lot of criticism on the project in Atlanta because of Chip Robert?

Mr. Strobel. He might have said that, yes.

Mr. Maletz. Who is Chip Robert?

Mr. Strobel. That is Mr. Robert, the senior partner of Robert Associates.

Mr. Maletz. Do you know what the nature of the criticism was?

Mr. Strobel. No.

Mr. Maletz. Mr. Strobel, I show you a transcript of a telephone conversation which you made available to the committee, between yourself and Mr. Mansure --

The Chairman. Are they still giving business to Chip Robert down there?

Mr. Maletz. -- dated August 4, 1955.

The Chairman. We want to tell the gentleman from Rochester, New York, how non-partisan this hearing is.

Mr. Maletz. Now, Mr. Strobel, is that an accurate transcript of your conversation?

Mr. Strobel. I can't guarantee to that, that depends on the girl.

Mr. Maletz. Was this transcript made by your secretary?

Mr. Strobel. Yes, sir.

Mr. Maletz. It was.

Now, let me read only one part of this transcript. We will refer to the other part at a later time in this hearing.

"Mr. Mansure: What about HEW in Atlanta?"

I take it he was referring to the Health, Education and Welfare Communicable Diseases Center in Atlanta.

Mr. Strobel. Right.

Mr. Maletz. "What about HEW in Atlanta, a lot of criticism on that, Chip Robert.

"Strobel: This is probably the only project on which we will use existing plans. More criticism from AIA and architects in general if we do not handle this way.

"Mansure: These contracts were signed two years ago.

"Strobel: Right.

"Mansure: Can we write letter to that effect to these people?

"Strobel: Yes.

"Mansure: Call me if you need me for meeting tomorrow."

There is another reference, but we will come to that.

Now, Mr. Strobel, what was the nature of the criticism concerning Chip Robert?

Mr. Strobel. Well, Mr. Mansure did not explain that, and I don't know.

Mr. Maletz. Well, Mr. Mansure indicated some misgivings about giving this contract to Robert and Company, did he not?

Mr. Strobel. That is right. I can take a guess as to what he referred to.

Mr. Maletz. Would you hazard that, Mr. Strobel?

Mr. Strobel. And I mentioned that before, that Mr. Robert has participated very liberally in federal projects at the present time.

Mr. Keating. Maybe Mansure thought he had enough.

Mr. Strobel. It may be, yes.

Mr. Fine. You mean projects not under your jurisdiction?

Mr. Strobel. Not under my jurisdiction.

Mr. Keating. Who negotiated this project for \$380,000?

Mr. Strobel. That would be my predecessor, Mr. Reynolds.

Mr. Keating. Was he a career man in the government?

Mr. Strobel. He was a career man.

Mr. Maletz. Now, Mr. Mansure asked, did he not, in the course of this conversation whether you could write a letter to that effect to those people, and your reply was yes, presumably referring to the people who had made criticism, is that right?

Mr. Strobel. No, I can't say that is so. Actually I don't exactly know who he meant by "these people", and I wrote no letters.

Mr. Maletz. You wrote no letters?

Mr. Strobel. No letters in that regard.

Mr. Maletz. You said that you would write these letters, but you did not?

Mr. Strobel. I did, but I did not.

Mr. Maletz. And you have no idea as to who these people were that Mr. Mansure was referring to?

Mr. Strobel. No idea, and also in the dark as to the specific reference of the criticism.

The Chairman. During the conversation you had with Mr.

Mansure you didn't tell him of your previous relations with Robert?

Mr. Strobel. I don't think so.

Mr. Maletz. At the time you had this conversation with Mr. Mansure on August 4, 1955, you had not submitted a list of your clients to Mr. Mansure, had you?

Mr. Strobel. No. I think it might have been in the works.

Mr. Keating. I was going to ask, as I get the picture in the Robert transaction, there wasn't any other reputable architect in that community or vicinity or anywhere who would take this finishing piece of this contract when Robert had had it up to date, that was your position?

Mr. Strobel. That is right. That was our position.

Mr. Keating. And that is governed by the code of ethics of architects?

Mr. Strobel. That is correct.

Mr. Keating. Now, if, for instance, Robert and Company folded up and wasn't any longer in existence, and you had to go somewhere else, then it would have cost you a figure twice as much, because they would have had to go over all these plans in order to mesh the new plans into the old plans, is that right?

Mr. Strobel. That is correct.

Mr. Keating. Let me ask you this. You said that from hindsight, if you had to do it over again, you probably would

have disqualified yourself as to this \$24,000 contract. No. 1, as I understand your testimony, you didn't negotiate it, you signed the contract, but you had little to do with any details of negotiating it.

Mr. Strobel. That is right.

Mr. Keating. If you had then --

The Chairman. Wait a minute. I don't think you ought to put words in the mouth of the witness.

Mr. Keating. I am asking him. I don't know anything about it. I understood that was what he said.

Mr. Strobel. That is correct. I had no dealings setting the amount of money to be paid for the service.

Mr. Keating. That was all handled by your subordinates?

Mr. Strobel. That was handled by my subordinates.

The Chairman. But you had dealings.

Mr. Strobel. No. I think I only saw a representative of the company after the contract fee had been negotiated, then this particular representative was brought into my office by my subordinates.

Mr. Keating. You see, Mr. Chairman, I didn't put any words in his mouth, you put them.

I want to follow that up. If you had been negotiating the original \$383,000 contract anew, would you have disqualified yourself?

Mr. Strobel. I wouldn't have been negotiating with that

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
company. That would then have been done on the basis of selection that I described the other day. We would then ask for information from all the registered architects in the area deemed necessary to canvass, and a rating on the basis of qualifications would have been made.

Mr. Maletz. Mr. Strobel, do you recall writing a memorandum to the Administrator on August 12, 1955, setting forth the reasons why this contract should be negotiated with Robert and Company?

Mr. Strobel. I recall sending to the Administrator a letter that was written to me by the Supervising Architect.

Mr. Maletz. Let me show you a document dated August 12, 1955, purporting to be a --

Mr. Strobel. I may have written a directive myself --

Mr. Maletz. -- a memorandum from you to the Administrator.

Mr. Strobel. That is correct.

Mr. Maletz. Was that a memorandum that you wrote to the Administrator?

Mr. Strobel. That is a memorandum that includes the arguments that were given to me by the Supervising Architect.

Mr. Maletz. Now, when you wrote this memorandum on August 12, 1955, to the Administrator recommending Robert for the reasons that you set forth, had you advised the Administrator that Strobel and Salzman had business relationships with Robert and Company?

Mr. Strobel. I don't think so. It is possible I did, but I can't remember.

Mr. Maletz. I offer this document in evidence.

Mr. Fine. Is that what he testified to this morning?

Mr. Maletz. So that there is no misunderstanding, the memorandum might be read him. It is to the Administrator from the Commissioner of Public Buildings. The subject is "Revision in Working Drawings and Specifications, Communicable Disease Center, Atlanta, Georgia".

"During the week of August 15, I propose to call a principal of the firm of Robert and Company Associates to Washington for the purpose of negotiating a supplemental contract for certain revisions in drawings completed by them in July 1954. The revisions are within the category of additions which have been requested by the Public Health Service subsequent to the completion of the drawings.

"It would be impracticable to utilize the services of any other firm for this additional work for the following reasons:

"1. No reputable architect would take the drawings of another architect at this stage and make the changes required by the Public Health Service.

"2. If you could find a firm willing to undertake this work, the fee paid them would, of necessity, be much larger than a fee which we would pay to Robert and Company for the identical work. Robert and Company has all the basic figures upon which

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200880001-5

they prepared their structural and mechanical designs. Any other firm taking on the project cold would be required to reestablish the basic figures prior to extending mechanical and structural systems already designed by Robert and Company.

"The estimated cost of the additional work which includes air conditioning, animal runs, additional elevator, emergency generator, and an extension to one of the bays is estimated to cost approximately \$488,000. This figure was included in the prospectus approved by the Bureau of the Budget and the Congressional Committees. Our fee curve indicates that Robert and Company should receive a fee of between \$23,000 and \$25,000 for this work."

(The document referred to is as follows:)

Mr. Maletz. Let me ask you this.

You state here that you yourself proposed to call a principal of the firm of Robert and Company to negotiate the contract.

Mr. Strobel. Well, that has to do with the normal procedure. As head of the Service, I am put in there -- no, as I explained before, it was done by my subordinates.

Mr. Maletz. Is it correct, then, that you called Robert and Company, a representative of Robert and Company, to Washington, but that one of your subordinates negotiated the details?

Mr. Strobel. I did not personally call them, I don't know in what form it was done, it is generally being done by the head of the Design and Construction Division. Officially it is done in the name of the Commissioner.

Mr. Fine. Under the circumstances described in that memorandum, then, it wasn't necessary for you to tell Mr. Mansure that your firm had had any business dealings with Robert and Associates?

Mr. Strobel. That is correct.

The Chairman. I have to make a comment there. I think you should have told him regardless of what the gentleman from New York said.

Mr. Fine. I might tell the Chairman that I disagree with him on this problem. And I think the answer was given to Mr.

Keating when Mr. Keating posed the question as to what, if this was a new contract, you would have done. And your answer there was proper, that you would have disqualified yourself.

Mr. Strobel. I might explain here the reference to the fee curve, and also the fact -- first, the letter explains that if another firm would have to pick up this work, they would have, let us say, a much harder time of doing that, it would cost them more time and more manpower and money to do the same work that Robert could do much easier, because they were familiar with the original plans.

And that is why it was in the best interest of the government to have this work done for the smallest fee possible.

Mr. Maletz. I would like to turn after a while to another subject involving contracts. But, before that, I would like to ask you about a Corps of Engineers contract which Strobel and Salzman had.

Mr. Strobel, do you recall that on March 31st, 1954, one day before you became a government employee, you, on behalf of Strobel and Salzman, negotiated a contract with the Corps of Engineers for the preparation of drawings and specifications for helicopter hangars for a fee of \$71,050?

Mr. Strobel. That is correct.

Mr. Maletz. You recall, do you not, that the contract became effective on April 22, 1954?

Mr. Strobel. I think that is correct. However --

Mr. Maletz. That was after you were appointed to the government service?

Mr. Strobel. However, the fee was accepted by a representative of the Corps of Engineers on March 31st.

Mr. Maletz. And the written contract became --

Mr. Strobel. And then after such a fee has been established, it always takes a certain amount of time to get the documents prepared.

Mr. Maletz. Now, did you inform the Corps of Engineers when you negotiated the contract on March 31st, 1954, that you were becoming a government employee on the next day?

Mr. Strobel. No, I am sure I did not.

Mr. Maletz. Did it at any time come to your attention that it has been a long-standing policy of the Corps of Engineers that it will not negotiate or let a contract to any concern owned or controlled by any government employee, regardless of what agency he is employed by, or regardless of the position he holds.

Mr. Strobel. That was not known to me at the time. I found that out, oh, I think it was about a year later, that that was their policy.

Mr. Maletz. Now, I show you a document dated May 17, 1954, and ask you whether this is a true and accurate copy of a letter that your firm received from General Tulley of the Corps of Engineers?

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
Mr. Strobel. That is correct.

Mr. Maletz. Now, there are two handwritten entries in this letter.

Let me ask you whether this is your handwriting?

Mr. Strobel. I would have to see it again.

Mr. Maletz. I think you have a photostatic copy, and it is much more legible than our photostatic copy.

Mr. Robb. Handwritten on the letter, you say?

Mr. Maletz. Yes.

Mr. Robb. We have the original, it doesn't have that on it. You mean down at the bottom?

Mr. Maletz. Down at the bottom there is a handwritten entry.

Mr. Strobel. I can't read it. It is illegible.

Mr. Maletz. Is that your handwriting?

Mr. Strobel. I doubt that very much.

Mr. Maletz. That does not look like your handwriting?

Mr. Strobel. I doubt that very much.

Mr. Maletz. Doesn't that handwriting state, in effect, that the contract --

Mr. Keating. Wait a minute. Are we going into that? I don't know what is on that document, but you have got the original here, and there is no handwriting on it. If somebody has been monkeying with these documents --

The Chairman. Wait a minute. Nobody is monkeying with any

documents.

Mr. Keating. How do you know they are not.

Mr. Robb. We have the original here, Mr. Chairman.

The Chairman. Where did you get this photostatic copy from, Mr. Maletz?

Mr. Maletz. From Mr. Schwarz of Strobel and Salzman. That was a photostat made from a photostatic copy which was found in the files of Strobel and Salzman.

Mr. Robb. Mr. Chairman, I have here a photostat, I don't know where it came from, a white photostat --

Mr. Maletz. That is right.

Mr. Robb. It has some scribbling on the bottom, but I can't read that, either.

Mr. Maletz. Did you identify that?

Mr. Strobel. It is no better.

Mr. Maletz. Is that your handwriting, Mr. Strobel?

Mr. Strobel. It is no better.

The Chairman. Is it Mr. Salzman's handwriting?

Mr. Strobel. I don't think so. It could be anybody's.

Mr. Maletz. It is not your handwriting, is it?

Mr. Keating. It is not in the chairman's handwriting, is it?

Mr. Strobel. It is very difficult for me to identify a handwriting that I can't read.

Mr. Maletz. Is it your testimony that this handwriting was in the document that you have?

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

Mr. Robb. How is that?

Mr. Maletz. I asked Mr. Strobel whether it is his testimony that this handwriting appears in the document which he has now furnished the committee.

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

Mr. Robb. Mr. Chairman, I gave --

The Chairman. Just a minute.

Is Mr. Schwarz in the room?

Mr. Schwarz. Yes, sir.

The Chairman. Will you step forward and raise your right hand. Do you solemnly swear to tell the truth, the whole truth and nothing but the truth, so help you God?

Mr. Schwarz. I do.

TESTIMONY OF SOL SCHWARZ, NEW YORK, NEW YORK

The Chairman. Just give your name and your affiliation with the company.

Mr. Schwarz. My name is Sol Schwarz, S-c-h-w-a-r-z is the last name. I am the business manager for the firm of Strobel and Salzman, New York.

The Chairman. And you have furnished certain documents to the committee?

Mr. Schwarz. I did.

The Chairman. I show you this photostatic copy of a communication. Did you furnish that to the committee?

Mr. Schwarz. I do not remember..

The Chairman. Did you furnish that to the committee?

Mr. Schwarz. I do not remember furnishing a photostat of this document to Mr. Maletz.

Mr. Maletz. Let me ask you this, Mr. Schwarz. Did you furnish me that document?

Mr. Schwarz. I cannot say positively.

The Chairman. Can you say you did not furnish it to him?

Mr. Schwarz. As far as I know I did not.

Mr. Maletz. As far as you know you did not. Now, Mr. Strobel, can you tell me how Mr. Robb happened to have that document?

The Chairman. Let Mr. Schwarz answer.

Mr. Schwarz. I think I can answer that.

The Chairman. How did Mr. Robb have the photostatic copy of the document?

Mr. Schwarz. Monday of this week I went to Mr. Maletz's office to pick up the copies of the documents which I left with him at the time when he was in our office in August or September, whatever that date was. And the photostatic copy -- a photostatic copy of this document was included with those papers which I picked up in his office.

The Chairman. And Mr. Robb got a copy and Mr. Maletz got a copy?

Mr. Schwarz. Mr. Robb made copies of all of the documents which I received from Mr. Maletz, and this document is included in it.

The Chairman. So Mr. Robb got the same number of documents that Mr. Maletz got, and that white photostat is the counterpart of this black photostat?

Mr. Keating. You are putting words in his mouth.

The Chairman. That is what it is.

I ask you to look at it and see.

Mr. Fine. He said Mr. Robb made photostats.

The Chairman. I hand you the counterpart of what you have in your hand there.

Mr. Schwarz. Yes, it is the counterpart of this one.

The Chairman. And Mr. Robb has the white sheet and we have the black one, is that correct?

Mr. Schwarz. That is correct, yes.

The Chairman. Are there any notations on that letter in your handwriting, either black or white?

Mr. Schwarz. None of the notations on this document are in my handwriting.

Mr. Maletz. And Mr. Strobel, no notations on that document are in your handwriting?

Mr. Strobel. If I could read it I could testify to that, but it is very vague.

Mr. Maletz. Mr. Schwarz, let me ask you whether that document came from your files?

Mr. Schwarz. I do not know where it could come from our files. I have no occasion to make photostatic -- I had no occasion to make photostatic copies of the original, so therefore I did not know any reason why it should have been in my file. It might have been, though, I do not know for sure.

Mr. Maletz. And you can't identify the handwriting, Mr.

Strobel?

Mr. Strobel. I cannot.

Mr. Maletz. We will pass on.

The Chairman. The letter was received by Strobel and Salzman, is that correct?

Mr. Schwarz. That is correct.

Mr. Robb. Could I have back the original, Mr. Chairman?

Mr. Chairman, I don't wish to be a witness, but perhaps I might help you on this matter. As I understand it, Mr. Maletz took certain papers or was given certain papers by Mr. Schwarz in New York, and I believe he had those papers photostated. At all events, Mr. Maletz was kind enough to give Mr. Schwarz the other day the papers which he had, and in some cases they were photostats.

When they came to my office I wished to have another copy of them made, and I had them photostated. I did not get the original of this contract until yesterday when I had it sent down from New York.

Now, when and where and by whom these chicken tracks got on this paper I don't know, but they aren't on the original which I had in my hand.

Mr. Keating. I want to go on record that that is not in my handwriting.

Mr. Robb. Nor mine, Mr. Keating.

The Chairman. Mr. Kilroy was here again.

Mr. Fine. Mr. Chairman, I would like to know whether or not the photostats that Mr. Maletz prepared and turned over to Mr. Schwarz contained these notations at the time they were turned back to Mr. Schwarz.

Mr. Maletz. I have received a number of documents from Mr. Schwarz --

Mr. Fine. Excuse me?

Limiting yourself to the original of the letter, you got a letter, didn't you, the original letter, didn't you?

Mr. Maletz.- It was not an original letter, it was a white photostat which I received from Strobel and Salzman. And we sent that complete photostat to the Photo Service Office of the Library of Congress.

Mr. Fine. That photostat, the white photostats that you got, do you recall whether it had any notations on it?

Mr. Maletz. It did.

The Chairman. It has them on it. Read them yourself and see.

Mr. Keating. Are those the same notations that are on it now?

The Chairman. They are the same as on the black one.

Mr. Fine. That is the question I would like Mr. Schwarz to answer, whether or not the white photostat he gave you -- or did you give him a white photostat?

Mr. Schwarz. I don't remember whether I did give him a white

Mr. Fine. Do you recall whether the white photostat was the one which is now before Mr. Strobel?

Mr. Schwarz. This white photostat is a photostat of another one which I received from Mr. Maletz on Monday.

Mr. Fine. Did you give him that one, the one before you now?

Mr. Schwarz. I do not remember whether this was given to Mr. Maletz.

Mr. Fine. Were there any notations on there at the time you gave it to him?

Mr. Schwarz. I cannot read them, and I don't know who wrote them, they are not in my handwriting.

Mr. Keating. I don't think the Library of Congress would put anything like that on it.

The Chairman. You can step aside, Mr. Schwarz.

Mr. Maletz. On August 4, 1954 did Strobel and Salzman receive a letter from the Corps of Engineers stating that since Mr. Strobel is now in the Government service it is necessary to ascertain whether during his leave of absence from his company he had disassociated himself from all future partnership profits resulting from Government contracts, including the Army's hangar contract?

Mr. Strobel. That is correct.

Mr. Maletz. You did receive such a letter?

Mr. Keating. Is that the letter we are talking about?

Mr. Strobel. I would like to see that letter.

Mr. Maletz. Mr. Strobel, I show you a document dated 4 August, 1954 and ask you whether this is a copy of the letter that Strobel and Salzman received from the Corps of Engineers?

Mr. Strobel. That is correct.

Mr. Maletz. Would you read that letter, Mr. Strobel?

Mr. Strobel. It is to Strobel and Salzman.

"Gentlemen:

"Reference" --

The Chairman. What is the date of this?

Mr. Strobel. August 4, 1954.

"Reference is made to the recent appointment of Mr. Strobel as Public Buildings Commissioner and to the announcement by your firm that during his tenure of office your organization would be under the direction of Mr. Salzman.

"The architect-engineer information form submitted in connection with recent modification to Contract No. DA 49-129-Eng-350 indicates Mr. Strobel as a partner. Inasmuch as Mr. Strobel is now in Government service, it is necessary to ascertain whether during his leave of absence from your company he has disassociated himself from all future partnership profits resulting from Government contracts including the Army Hangars contract.

"Your early reply will be appreciated.

"Sincerely yours,

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

"H. B. Zackrisson

"Chief, Engineering Division

"Military Construction."

The Chairman. It will be received in evidence.

(The letter referred to is as follows:)

Mr. Maletz. Mr. Strobel, when was that letter of August 4 from the Corps of Engineers brought to your attention?

Mr. Strobel. I think shortly after.

Mr. Maletz. Did it come to your attention that on September 16, 1954 Mr. Schwarz was contacted by 'phone by the Corps of Engineers and directed to stop all work on the contract until there was clarification of your connection with the firm of Strobel and Salzman?

Mr. Strobel. I think it did come to my attention.

Mr. Maletz. Now, did you discuss this matter with Mr. Maxwell Elliott, General Counsel of GSA, and Mr. Moody, Counsel for the Public Buildings Service.

Mr. Strobel. I did.

Mr. Maletz. Do you recall what advice Mr. Elliott and Mr. Moody gave you?

Mr. Strobel. Well, they gave me a draft of the letter as an answer to this letter of August 4th.

Mr. Maletz. Did Mr. Elliott and Mr. Moody advise you that there appeared to be a question of ethics and public policy involved?

Mr. Strobel. It was discussed.

Mr. Maletz. Did they also advise you that your situation possibly was in conflict with the attitude of Congress as evidenced by their action in regard to certain officials of private corporations then recently appointed to public office?

Mr. Strobel. I would like you to repeat that question.

Mr. Maletz. Would you read that question, Mr. Reporter?

(The question was read by the Reporter.)

Mr. Keating. Did who advise him?

Mr. Maletz. Mr. Elliott and Mr. Moody of the GSA.

Mr. Strobel. This situation was discussed quite generally.

The Chairman. Did they so advise you?

Mr. Strobel. They might have, yes, sir.

Mr. Maletz. Do you recall whether Mr. Elliott or Mr. Moody agreed that they would discuss the matter informally with Mr. John Adams, then General Counsel of the Army and Mr. Lee Rankin, of the Department of Justice?

Mr. Strobel. That is right.

Mr. Maletz. Now, do you recall a subsequent discussion concerning this matter with Mr. Elliott and Mr. Moody in the course which they suggested that you prepare a complete written statement of your relations with the company of Strobel and Salzman which could then be submitted to the Corps of Engineers.

Mr. Strobel. Yes, they might have done that, though no complete written statement was made by me at that time.

The Chairman. You did not make a written statement subsequently.

Mr. Strobel. I beg your pardon?

The Chairman. You did not follow it up with a written statement?

Mr. Strobel. No. The only written statement would be the one that was dated August 30, 1955.

Mr. Maletz. Did Mr. Elliott and Mr. Moody indicate that after discussing the matter with Mr. John Adams, Mr. John Adams, the Army's General Counsel, had suggested that you send to the Army a written statement?

Mr. Strobel. I don't recall that.

Mr. Maletz. Did you request Mr. Moody to prepare a rough outline draft of a statement setting forth your relations with Strobel and Salzman?

Mr. Strobel. He did.

Mr. Maletz. Did you inform Mr. Elliott and Mr. Moody that you had made a complete disclosure of your situation to Administration officials prior to your appointment, and had been advised by them that your situation was perfectly proper, and that no change therein was necessary incident to your appointment?

Mr. Keating. Mr. Chairman, I would not think of objecting to any of this line of testimony, I just wonder whether we, as a Committee on the Judiciary are setting a rather bad precedent in going into all of this advice given by a lawyer to his client, and conversations between the client and the lawyer. I have no objection to it, I just wonder how far counsel thinks we ought to pursue it.

The Chairman. These are Government counsel, and this is

a question of good faith of the witness. I can't see how it impinges upon that question --

Mr. Keating. In a court of law obviously it wouldn't be admissible.

The Chairman. Then it would be under the court rules. Mr. Moody and Mr. Elliott were not personal counsel to Mr. Strobel, they were counsel for the Government in its various branches. That is quite a different relationship. They were not personal counsel.

Mr. Keating. That is true.

The Chairman. Were these lawyers your personal counsel?

Mr. Strobel. No, sir, they were not.

Mr. Keating. But still it would be inadmissible in court. But I won't object to it. Go as far as you like.

Mr. Maletz. I wonder whether, Mr. Strobel, you would answer the question?

The Chairman. You had better read it.

(The question was read by the Reporter.)

Mr. Fine. The question, Mr. Chairman, if I might submit, is so broad that I just don't know what the answer would produce.

The Chairman. Let the witness answer as best he may. They have this whole memorandum, we can put the whole memorandum in the record of the conversations, if you wish. We are trying to be fair to the witness.

If you want to put the memorandum in the record, we will do

it. It is rather damaging to the witness. I want to be fair with him and ask him what his recollection is.

Mr. Keating. You are going to put the memorandum in any way.

The Chairman. Not necessarily. I want to see what is the answer.

Mr. Strobel. The answer is that I am sure that I made clear to them that my private interest had been discussed. And as I testified the other day, the Administrator knew about my affiliation with Strobel and Salzman, and that I was giving up active management of that firm.

The Chairman. When you use the word "administration", what do you mean by it?

Mr. Strobel. Administrator.

The Chairman. Administrator, Mr. Mansure?

Mr. Strobel. Mr. Mansure.

Mr. Maletz. Was Mr. Mansure the "Administration official" to whom you were referring in your discussion with Mr. Elliott and Mr. Moody?

Mr. Strobel. Well, I don't know.

Mr. Maletz. Did you ever submit to the Corps of Engineers a complete written statement of your relations with Strobel and Salzman?

Mr. Strobel. Did I submit?

Mr. Maletz. Yes.

Mr. Strobel. Oh, I did not.

Mr. Maletz. Why not.

Mr. Strobel. The subject was discussed with legal Counsel Adams of the Army. And subsequent to that the letter of Mr. Zackrison was not withdrawn, but Strobel and Salzman were permitted to proceed with the work.

Mr. Maletz. Without disassociating yourself?

Mr. Strobel. Without my disassociating myself, and without me ever filing any written statement.

The Chairman. Get this clear. You received a communication from the Corps of Engineers that the work had been stopped, is that correct?

Mr. Strobel. I think I was informed later on that they had accepted the work, I am not too clear on that.

The Chairman. And then after these conferences and your conversations with Mr. Moody and Mr. Elliott, who in turn had spoken to Mr. Adams, you were permitted to continue the work, is that correct?

Mr. Strobel. Well, actually I heard no further about it. And the office was permitted to proceed.

The Chairman. But then the work after that continued?

Mr. Strobel. That is right.

The Chairman. Was Strobel and Salzman paid for the service?

Mr. Strobel. Strobel and Salzman were paid for the services, and the project was completed.

The Chairman. Now, did you participate in the profits of that contract? Did the proceeds go to you?

Mr. Strobel. The proceeds went into Strobel and Salzman.

The Chairman. It went into the profits of Strobel and Salzman, and you participated in whatever the profits were?

Mr. Strobel. In whatever has been paid and has been distributed as of December 31st.

Mr. Maletz. Now, after your discussions with Mr. Elliott and Mr. Moody, is it not true that some time passed, without any further developments, that Mr. Moody inquired of you as to what, if anything, you had done about the problem you had with the Corps of Engineers.

Mr. Strobel. He might have inquired.

Mr. Maletz. Did you tell Mr. Moody that you had conferred with your advisors and had decided upon a course of action with the Corps of Engineers somewhat different than had been discussed with Mr. Elliott and Mr. Moody.

Mr. Strobel. I don't recall that. It is possible.

Mr. Maletz. Do you recall an interview I had with you on September 13, 1955, Mr. Strobel?

Mr. Strobel. Right.

Mr. Maletz. Do you recall that you stated to me that you first discussed this matter with the individual who had recommended you for your Government position originally?

Mr. Strobel. I might have said that, yes.

ps Mr. Maletz. Do you recall that you said to me that this individual, whom you referred to as your adviser, said he would make inquiries concerning the matter and have the matter straightened out.

Mr. Strobel. That is possible. I don't recall all the events verbatim.

Mr. Maletz. Who was this adviser to whom you were referring that discussed the matter with you?

Mr. Strobel. Beg your pardon?

Mr. Maletz. Who was the individual or adviser to whom you were referring?

Mr. Strobel. Well, that could have been my friend.

Mr. Maletz. And who was it?

The Chairman. Who is that?

Mr. Strobel. That might have been Mr. Harry Smith.

Mr. Keating. The same one that you mentioned the other day?

Mr. Strobel. That is right.

Mr. Maletz. Did Mr. Smith tell you that he would go to the Corps of Engineers and get the matter straightened out?

Mr. Strobel. No, he did not say that, I am sure.

The Chairman. Well, the matter was straightened out, wasn't it?

Mr. Strobel. The matter was straightened out.

The Chairman. Do you know who straightened it out?

Mr. Strobel. As far as I know, Mr. Adams straightened it out.

The Chairman. As far as you know Mr. Adams straightened it out?

Mr. Strobel. Yes. After he had talked with Mr. Moody and Mr. Elliott.

The Chairman. Did Mr. Adams know about the letter that was in the record about the protest to the Corps of Engineers?

Mr. Strobel. I cannot answer for that.

Mr. Maletz. Did Mr. Smith indicate to you that he would straighten the matter out with the Corps of Engineers, and that it wouldn't be necessary for you to disassociate yourself from the profits in connection with the Corps of Engineers' contract?

Mr. Strobel. I am not sure as to that.

Mr. Maletz. Did you discuss that with Mr. Smith?

Mr. Strobel. I might have done that.

Mr. Maletz. Do you recall now whether or not you did?

Mr. Strobel. I probably did, yes.

Mr. Maletz. And what was the nature of your discussion with Mr. Smith?

Mr. Strobel. That, I don't think I can remember, but it must have been in connection with the request made by the Army.

The Chairman. That is, the discussion very likely was that you would like to continue with this contract, and continue also with your interest in Strobel and Salzman?

Mr. Strobel. When I took office, I had set up certain rules to govern Strobel and Salzman. One of the basic rules was that they of course in no way whatsoever could have anything to do with work coming out of the GSA. But at that time I thought the office would have a right to do work for other government agencies.

However, this contract we are talking about, which was negotiated before I took office, is the only prime contract the office has done. No other contract has been negotiated with any other government agency.

Mr. Maletz. Now, when did you discuss that with Mr. Smith?

Mr. Strobel. I don't know.

Mr. Maletz. Did you discuss it once, twice, or a number of times.

Mr. Strobel. I can't answer to that, because I don't see that gentleman very often, living down here.

Mr. Maletz. Did you request Mr. Smith to do anything about this matter?

Mr. Strobel. No, I don't think I did, because it was being handled by our lawyers here.

The Chairman. By your lawyer, you mean Mr. --

Mr. Strobel. The GSA lawyers.

Mr. Maletz. Did you not tell the GSA lawyers that you had decided to handle a matter, the Corps of Engineers matter, a different way?

Mr. Strobel. I might have said that, but to my recollection it was not done.

The Chairman. What did you mean by a different way?

Mr. Strobel. Well, I might have gotten my own legal advice to handle this problem.

The Chairman. And you did, through Mr. Smith?

Mr. Strobel. He is not a lawyer.

Mr. Maletz. What was the reason why you would discuss the matter with Mr. Smith?

Mr. Strobel. Well, I don't know of any specific reason.

Mr. Maletz. Did you tell me this, that this individual, your adviser, told you that he would make inquiries concerning this matter?

Mr. Strobel. I might have told you that, but as far as it worked out, I don't think he did, or I don't know if he did.

Mr. Maletz. Was it a correct statement when you made it to me?

Mr. Strobel. I don't know.

Mr. Maletz. But you do say that you did tell me --

Mr. Strobel. I had discussions.

Mr. Maletz. -- that your adviser, Mr. Smith, told you that he would make inquiries concerning this matter?

Mr. Strobel. Yes, I might have said that.

Mr. Maletz. And did you also tell me that your adviser said that he would endeavor to get the matter straightened out

5 with the Corps of Engineers?

Mr. Strobel. Well, I might have said that. As I said before, I don't think he did anything whatsoever for me.

Mr. Maletz. How did you know that?

Mr. Strobel. Because I think it was settled after Mr. Elliott and Mr. Moody talked with Mr. Adams.

Mr. Maletz. The matter was eventually straightened out?

Mr. Strobel. It was straightened out, and we were permitted to complete the contract.

Mr. Maletz. To your knowledge, did Mr. Smith do anything whatsoever to straighten this matter up?

Mr. Strobel. I don't believe he did.

Mr. Maletz. Did he tell you that he would do something to straighten the matter out?

Mr. Strobel. He might have said that, I don't know.

Mr. Maletz. He might have.

Mr. Strobel. Yes, he might have.

Mr. Maletz. Do you recall whether or not he indicated what steps he would take to straighten the matter out?

Mr. Strobel. No, I don't recall that.

The Chairman. Is Mr. Lawton present?

Mr. Lawton, step forward. Take the stand, Mr. Lawton.

TESTIMONY OF EDWIN H. LAWTON -- Resumed

The Chairman. You were sworn yesterday.

Mr. Maletz. Mr. Lawton, have you prepared a detailed statement concerning your knowledge of the selection of Petroff and Chapman, Evans and Delahanty?

Mr. Lawton. I did.

Mr. Maletz. Do you have the statement before you?

Mr. Lawton. I do.

The Chairman. Would you care to read it?

Mr. Lawton. Read the entire statement?

The Chairman. Yes, sir.

Mr. Lawton. I, Edwin H. Lawton, make this statement in order to clarify my answers to questions asked by Herb Malots, Counsel for the House Judiciary Subcommittee on October 27, 1955.

I occupy the position of Deputy Regional Director for the Public Buildings Service, Region 2, New York, N. Y., and have been Deputy or Acting Deputy since 1950. I supervise the operations of a Design and Construction Division, a Buildings Management Division, a Real Estate Division, a Real Property Disposal Division, and an office of the National Industrial Reserve Division.

My immediate superior to whom I am directly responsible is Mr. Walter F. Downey, Regional Director of the New York Region. The Commissioner of Public Buildings, of course, is

Mr. Strobel who supervises the technical operations of my office.

I have the authority as Contracting Officer to negotiate contracts for architectural service without the approval of any other individual. However, as a matter of practice I keep the Regional Director advised of any negotiations and I would not enter into such a contract without at least the oral approval of the Regional Director. Furthermore, when I have consulted with Mr. Strobel or his predecessor as Commissioner of the Public Buildings Service, I have and would accept recommendations and suggestions from them relating to technical matters but would not necessarily be bound to exercise my authority as Contracting Officer upon their instructions. Since occupying the position of Deputy Regional Director or acting Deputy Regional Director, PBS, the New York Region has entered into only two contracts for architectural service.

The Chairman. At that point, as to the architectural services other than those two, those architectural services were rendered by your office?

Mr. Lawton. I didn't hear the last part.

The Chairman. Other than those two you have mentioned, the two contracts for architectural services, as to architectural services required by your office, who performed those architectural services?

Mr. Lawton. Those services were performed by engineers

employed by Region 2.

The Chairman. In other words, this was always done, aside from these two, by employees of the regional office?

Mr. Lawton. That is correct.

Mr. Strobel. Mr. Chairman, may I make a comment in that respect. The reasons for all of a sudden, after four years, going out into private enterprise and looking for help from private architects and engineers, are several.

First of all, it is a policy of ours to use private enterprise service to the fullest extent as compared to building up our own federal pay roll. The increased activity, which again is due to the increased amount of money that has been appropriated to our repair and construction program, is what has made it necessary in this case to go outside -- and I can say that a similar situation exists at this time in other regions.

The Chairman. Go ahead, Mr. Lawton.

Mr. Lawton. In connection with my activities in the Real Estate Division, I participated in discussions for the relocation of the detention quarters for the Immigration and Naturalization Service which, in the spring of 1954, were located on Ellis Island, New York City. INS intended to abandon Ellis Island on or before December 1, 1954, and requested my office to undertake alterations to three floors in the building at 70 Columbus Avenue to provide facilities for housing, feeding, and necessary recreational activities of detainees. Preliminary estimates

for the necessary alterations indicated a price of \$448,742.00 and a completion date no earlier than May 31, 1955.

This information was given to INS and to my Central Office --

The Chairman. Wait a minute. The negotiations were in 1954, and the alterations were to be completed May 31st, 1955?

Mr. Lawton. No, sir; that was the estimated time under formal procedure for completing the design and the construction work. That was unsatisfactory to INS. They demanded that the work be completed by December first.

Mr. Fine. Of 1954?

Mr. Lawton. Of 1954.

The Chairman. That is, the conversations were held in the spring of 1954, and the Naturalization Service wanted to finish by December first, 1954?

Mr. Lawton. Yes, sir. The negotiations, I believe, or the discussions, with INS began earlier in July, late June or early July.

The Chairman. All right, go ahead.

Mr. Keating. And that completion by December first was the completion of the whole building, not just the --

Mr. Lawton. That is right, sir, that was completed, ready to occupancy.

This information was given to INS and to my Central Office and resulted in new estimated being prepared for a lower price and earlier completion. The lowest estimate prepared was for

\$133,673.00 and I advised INS that I did not desire to undertake the work within that price limitation since the alterations would not prove satisfactory to INS.

A meeting was scheduled between the Commissioner's office and officials of the Justice Department and I was requested by the Commissioner's office to attend, prepared to present estimates for the proposed alterations. The meeting was held in the afternoon of August 26, 1954, in Mr. Strobel's office and was attended by Mr. Loughlin and Mr. Ford of the Justice Department, Mr. Strobel, Mr. Nagle and myself of OSA.

In response to the urging of the Justice officials, Mr. Strobel decided the necessary alterations should be undertaken to provide detention quarters on the 10th, 11th and 12th floors of 70 Columbus Avenue and to provide recreational facilities on the roof.

A discussion of the estimates resulted in a decision to establish a target figure of \$360,000. At the conclusion of the meeting Mr. Strobel and I discussed the steps necessary to start the work at the earliest possible moment. I do not recall that anyone else was present other than Mr. Strobel and myself.

I requested copies of negotiated architectural and construction contracts to use as a guide in preparing the contracts for this project and Mr. Strobel directed Mr. Hunter by telephone to give me the necessary guides. Mr. Strobel then

asked if I had in mind any architectural firms to be considered for this project.

I replied in the negative stating that I was not familiar with architectural firms, and Mr. Strobel said that Serge Petroff and Associates of New York City would be a good firm for this work as Mr. Petroff could get work out of his office in a hurry and was willing to undertake rush jobs.

Mr. Maletz. Did Mr. Strobel indicate then that Petroff was a client of Strobel and Salzman?

Mr. Lawton. No, he did not.

Mr. Maletz. If you had known that, what would you have done?

Mr. Lawton. That is a very difficult question to answer, because it didn't occur at that time. The only thing I can say is that if a definite irregularity had been brought to my attention concerning GSA policy or TSA regulations, I would have taken it up with my superiors.

Mr. Maletz. Now, suppose that Mr. Strobel had informed you then, at this August 1954 meeting, that Petroff was a client of Strobel and Salzman, what would you have done?

Mr. Lawton. There again, I think the answer to that is very difficult, without additional information, to just say that he was a client of Strobel and Salzman is not sufficient.

Mr. Maletz. Would you have been concerned about the matter?

Mr. Lawton. I would have needed additional information in

2 that case as to his relationship with the firm.

The Chairman. Go ahead.

Mr. Lawton. However, Mr. Strobel did not state how or why he knew or believed that Mr. Petroff would undertake this rush job or any other rush job. Furthermore, Mr. Strobel did not indicate that he had had any discussion with Mr. Petroff concerning this project.

Mr. Maletz. In your judgment, how many other architectural firms in New York City would have been able and willing to do this job?

Mr. Lawton. There are many architectural firms in New York City that are qualified to do this type of work, and would undoubtedly have been willing to undertake it.

Mr. Maletz. About how many? Can you give us an estimate?

Mr. Lawton. An estimate is very difficult. I do not know how many firms there are in New York City. There are probably several hundred.

Mr. Maletz. Would you say 50 or 100 firms would have been able to do this job?

Mr. Lawton. All together, there are several hundred firms in New York City. They must be graded by qualification, too.

Mr. Maletz. Would you say that a great number of architectural firms would have been willing to do this job under the same circumstances?

Mr. Lawton. Depending upon the interpretation of a great number, I would say that there were other firms that would have been willing to undertake it, probably.

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

I suggested the firm of James L. King and Son, New York City, for the construction work as I knew that they were familiar with the administrative problems involved in a cost-plus-fixed-fee construction contract. I was familiar with King's work through his performance on a similar contract at the Loesser Warehouse, New York, in 1951. Mr. Strobel agreed that I should negotiate with King for the construction work. I did not discuss the fee which would be paid to Mr. Petroff and James L. King and Son with Mr. Strobel although Mr. Hunter, after my meeting with Mr. Strobel, cautioned me that there was a limitation of per cent of the construction cost for the architectural fee.

Mr. Strobel and I agreed that the construction work would have to be started before completion of all the design work and that construction should be started as early as possible. Mr. Strobel then instructed me to return to New York that night and he said that he would have Mr. Petroff and a representative of James L. King and Son meet me in my office the following morning. He reiterated that to accomplish the work within the time limit established by INS the architect would have to start work immediately so that the week-end would be available to make 1/8 inch scale layout drawings for estimate purposes.

I infer that Mr. Strobel telephoned Mr. Petroff and James L. King and Son and made arrangements for them to come to my office on August 27, since they both appeared on that date without any notification from me. I regarded this as agreement

by Mr. Strobel that the two firms selected could satisfactorily perform the work; however, I do not consider that it was absolute instruction. Therefore, unless Petroff refused to take the job or some unforeseen circumstance developed that would disqualify Petroff I intended to award the contract to Petroff.

Mr. Maletz. When you left Mr. Strobel's office on August 26th did you intend then to give this work to Petroff?

Mr. Lawton. I intended then to give the work to Petroff if nothing occurred to change my opinion.

Mr. Maletz. In your judgment would you say that Mr. Strobel selected Petroff in so far as he was able to make a selection?

Mr. Lawton. I am not sure about the word "selection". Mr. Strobel recommended Petroff. I departed from his office to discuss the project with Mr. Petroff and to make up my own mind at that time.

Mr. Maletz. Now, suppose that Mr. Strobel had not suggested Petroff, what would you have done?

Mr. Lawton. I would have had to make a selection upon my return to New York.

Mr. Maletz. When you left Mr. Strobel's office did you consider awarding this contract to anybody but Petroff?

Mr. Lawton. No, I had no reason to at that time.

Mr. Maletz. Why not?

Mr. Lawton. Mr. Strobel had recommended Mr. Petroff to me,

I had confidence in his knowledge of the firms in New York City, and I saw no reason to question it until I had talked with Petroff.

The Chairman. You said that you do not consider that it was absolute instruction. Do you mean by that that there was an instruction?

Mr. Lawton. I do not consider that it was an order to do business with Petroff to the exclusion of any other firm.

The Chairman. But the fact that Mr. Strobel had had the conversation with you and told you about Petroff, in view of the fact that Mr. Strobel was your superior, you felt that that was an instruction, did you not? It might not have been absolute instruction, but it was an instruction.

Mr. Keating. You are putting the words in his mouth.

The Chairman. He used the words "absolute instruction", I am trying to find out what he meant by it.

Mr. Lawton. I meant by that that Mr. Strobel inferred that I was to do business with Petroff and not with any other firm. I welcomed the suggestion from Mr. Strobel because of the time problem involved in this work.

Mr. Fine. Did you ask Petroff when you saw him the next day or the day after, or whatever time you saw him, whether he could complete the work within the time limit?

Mr. Lawton. I did, and he agreed to undertake it.

Mr. Fine. That was your inquiry of Mr. Petroff, the subject

matter of your inquiry of Mr. Petroff?

Mr. Lawton. Yes, that the work had to be undertaken within the dead line. And he agreed to try it.

Mr. Strobel. Mr. Chairman, I would like to recall the testimony of Mr. Lawton in this respect. The other day he said that he investigated the qualifications of Mr. Petroff, overlooked some of his drawings in order to satisfy himself as to his capacity and qualifications for doing this particular rush job. It was his decision, not mine.

The Chairman. Proceed, then, Mr. Lawton.

Mr. Lawton. Consequently, I did not consider any other architects for this project.

I discussed with Mr. Petroff the extent of the work required and asked him if he would accept the job. Mr. Petroff agreed to accept the job at a cost which was satisfactory to me. He further agreed to start work immediately and to provide preliminary plans the following week. I entered into an oral contract with Mr. Petroff then and there but no fee was established. The contract was formalized and signed by Walter F. Downey, Regional Director, at a later date effective August 27, 1954 and stipulated \$16,390 as Petroff's fee.

Mr. Maletz. When this contract was formalized the project had been abandoned, is that right?

Mr. Lawton. That is true.

Mr. Maletz. Isn't that rather odd?

Mr. Lawton. It is odd under normal circumstances, but I want to point out that this particular job was not conducted under normal procedures. We were trying to do a job under requirement of INS with a time limitation that was very, very tight.

Mr. Maletz. What I am trying to get at is this. You signed a contract, or your office signed a contract, with Mr. Petroff, after you had received instructions from Washington to abandon this project.

Mr. Lawton. That is true. That was the consummation of an old contract entered into with Petroff on the 27th of August.

Mr. Maletz. That was a contract -- the effective date of the contract was made retroactive to August 27th?

Mr. Lawton. It was made effective to August 27th.

Mr. Keating. You felt you would be going back on your word if you didn't make a contract after having made that commitment?

Mr. Lawton. That is right.

The Chairman. Even after the work was abandoned he was informed that the work --

Mr. Keating. Sure, he had given his word.

Mr. Lawton. Mr. Petroff had completed certain phases of the work, all of which is documented by his vouchers.

Mr. Maletz. Couldn't Petroff have billed Public Buildings Service for services rendered?

Mr. Lawton. He did bill them for services rendered in

accordance with the terms of the contract.

Mr. Maletz. What I am getting at is, assuming that a contract had not been formalized, couldn't Petroff have still billed the Government for services rendered?

Mr. Lawton. Yes, he could.

Mr. Maletz. In other words, it was not necessary to have this formal contract.

Mr. Lawton. I consider that it is very desirable to complete the formal contract in a case of that nature.

Mr. Maletz. Even after the entire project had been abandoned.

Mr. Lawton. The fact that INS abandoned the project in the middle of it was not our doing.

Mr. Fine. Wasn't the reason that you wanted the contract formalized to limit the additions and to put in writing the times that you had agreed upon with Mr. Petroff so that there wouldn't be any additional change?

Mr. Lawton. That contract was prepared in writing before the cancellation of the job, but it was not in shape for formal signature until after the actual cancellation date.

Mr. Fine. There is one problem that I would like to have clarified, one situation, if you will. Counsel for the committee asked you the question, hypothetical question, as to what you would have done had you not had Petroff in mind when you came to New York. And you indicated that you would then have had to

scour the market, or look for an architect. How long would that have taken you?

Mr. Lawton. It would take a month under normal conditions to select an architectural firm. It could not have been done that way for this job.

Mr. Fine. It could not have been done?

Mr. Lawton. It could not have been done if we were to follow the time limit set by INS.

Mr. Fine. So in the best interest of the Government you had to proceed the way you did?

Mr. Lawton. It was in my opinion, yes, sir.

The Chairman. Here was a rush job, this was an emergency, and then in addition a number of architects, you said, could have been hired for the job. And then suddenly there is no rush about it, the job was abandoned.

Mr. Keating. That was abandoned by INS.

Mr. Lawton. Abandoned by INS.

The Chairman. Abandoned by INS?

Mr. Lawton. That is correct.

The Chairman. So that the rush apparently was nullified by abandoning it?

Mr. Keating. Yes. But this fellow King was swinging into action on the Public Buildings people and telling them, "You have got to get this out". And they were trying to comply with what he wanted.

Mr. Fine. I don't want my question confused by the Chairman. I was talking about your talking to Petroff that very next day and making arrangements with him orally. I am not talking about what happened a few weeks later. I said if you hadn't had Petroff the next day how long would it have taken you to hire any architects?

Mr. Lawton. To go through the normal procedure it would have taken a month, which we could not afford on this job. Therefore, I would have had to do the same thing with an architectural firm.

Mr. Fine. And exactly what you did with Petroff would have been done with another firm?

Mr. Lawton. That is right.

Mr. Fine. I am referring now to entering into the written contract even though INS had abandoned the project.

Mr. Lawton. That is right, to stick within the time limit specified.

The Chairman. Go ahead with your statement.

Mr. Lawton. I also discussed with Mr. Bergen, representing James L. King and Son, the general construction requirements of the project and asked if he was willing to undertake the work on a cost-plus-fixed-fee contract. Mr. Bergen agreed to undertake the work as soon as drawings and specifications became available with the understanding that such drawings and specifications would be furnished piecemeal and that certain phases of the

work would be under construction while other phases were still in the design stage. The preparation of the construction contract was undertaken but was not consummated prior to the cancellation of the work by INS.

On September 14, 1954, Mr. Strobel advised me by telephone to stop all construction work but to continue the design work.

Mr. Maletz. Excuse me, Mr. Lawton. Why did he ask you to continue the design work if the project was abandoned?

Mr. Lawton. I believe he did not have a complete abandonment order at that time. He was in contact with INS at the Washington level, and the abandonment order came later.

On September 24, 1954, Mr. Strawser telephoned for Mr. Strobel advising that INS had decided not to complete the alterations and that it would therefore be necessary to stop all design and construction work. As of the date of cancellation, Mr. Petroff ceased work on the project and was paid \$9,200 for that portion of the work completed in accordance with the terms of the contract. The preliminary work performed by James L. King and Son was also cancelled and their vouchers with a complete statement of the conditions were forwarded to the Comptroller's Office, Region 2, for payment. I have been advised that payment in the amount of \$2,165.24 has been approved by GAO.

There were no telephone discussions between myself and Mr. Strobel or anyone else in the Central Office between the meeting

on August 26th at which time it was determined to undertake the job and my contractual agreement with Mr. Petroff. I had no knowledge that either Mr. Petroff or James L. King and Son had been clients of or were negotiating for contracts with Mr. Strobel's firm, Strobel and Salzman.

The procedure in contracting with Mr. Petroff and James L. King and Son differed in this case from normal procedure only because of the time limitation for completion of the alterations as imposed on GSA by INS, and the instructions from Mr. Strobel to take immediate action. Under normal procedures and in the absence of instructions from Mr. Strobel, a list of architectural firms would have been prepared, a selection of the best qualified firm would have been made, and a written contract entered into prior to commencing the work. Furthermore, the contract for the construction work would have been executed on a competitive bid basis. Such normal procedure would have required five months before construction work on the project could start, a loss of time which, on this project, was not feasible. This was the first negotiated architectural contract entered into by Region 2 since I received appointment as Deputy Regional Director in 1950.

The Internal Revenue Service in consolidating the Lower Manhattan District Office selected the 2d and 3d floors of 201 Varick Street. Since this building is presently a warehouse considerable alterations are required for conversion to office

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
use. Since I did not have the engineer manpower available to undertake the design of the alterations I determined to contract the work to an architectural firm.

In June, 1955, I requested Mr. William Boyd, Assistant Division Chief, Construction and Repair Division, Region 2, to provide me with a list of architectural firms qualified to design the alterations required at 201 Varick Street from which a selection would be made. Mr. Boyd provided me with the names of York and Sawyer; Koepell and Koepell; Lorimer Rich; Chapman, Evans and Delehanty; and Serge P. Petroff, all of New York City. Koepell and Koepell were rejected by me in consultation with Mr. Boyd as being below the qualifications of the remaining four, all of which were considered to be on an equal level. I discussed the proposed alterations with each of the four firms and requested from them a lump sum price for the work.

Mr. Maletz. Now, Mr. Lawton, is it not correct -- I don't think this point was clarified yesterday -- that Chapman, Evans and Delehanty's proposal initially was the highest.

Mr. Lawton. That is indeterminate, in my opinion

Mr. Keating. He went all over that, and he said he couldn't tell whether it was the highest.

Mr. Lawton. Mr. Otis Poss, Acting Director, Design and Construction Division, Central Office, subsequently advised me that my procedure was verging on competition between the architectural firms contrary to policy of the American Institute of Architects, and advised me to select one firm and discuss a price with them.

In the event that we were unable to arrive at a mutually agreeable price Mr. Poss stated I should then select another firm. I discussed the proposed firms with Mr. Michael Brennan, Chief, Construction and Repair Division, Region 2, and Mr. Walter F. Downey, Regional Director, Region 2, whereupon it was decided that since Mr. Petroff had had a contract with the office recently he should be eliminated from the list.

The remaining three firms were then discussed and they being equal as regards qualifications, Mr. Downey advised me to start negotiations with the firm of Chapman, Evans and Delehanty. I then met with Mr. Delehanty and Mr. Downey, and Mr. Delehanty agreed to accept the work for a fee of \$40,000, which we had determined was a proper fee for the work.

At no time during the negotiations with the architectural firms did I discuss the selection of Chapman, Evans and Delehanty with Mr. Strobel nor did I receive any communications from him either written or oral. Mr. Strobel's office was

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

advised by normal routine reports of the firms under consideration. I was not aware that any of these firms had been clients of Strobel and Salzman.

Mr. Boyd advised me that he had selected the five architectural firms because he considered them well qualified to perform the work. Mr. Boyd advised that Mr. Delehanty of Chapman, Evans and Delehanty had visited his office some time previous to this award and requested information concerning subsequent needs by GSA for architectural services.

Mr. Boyd was acquainted with the work of Serge Petroff through his performance on a previous contract and he was familiar with the qualifications of Koepell and Koepell but later determined, in discussion with me, that this latter firm was not as well qualified for this type of project.

With regard to the fees submitted by the various architectural firms, Petroff submitted the low lump sum figure of \$40,000; Lorimer Rich submitted a figure of \$45,000; York and Sawyer \$53,000; and Chapman, Evans and Delehanty submitted an offer of 6 per cent of construction costs. This offer was indefinite and under such percentage arrangement their fee would not be definitely known until construction bids had been received.

Mr. Fine. May I ask a question.

I just want to make sure, Mr. Lorton, that the statement which appeared in the press the other day be given its true

meaning, if possible. The press said that Mr. Strobel was kept informed of negotiations with Chapman, Evans and Delchanty. Did you give Mr. Strobel information about that firm?

Mr. Lawton. No, sir; that is an incorrect statement of it. The information that was sent to Mr. Strobel's office -- and I do not know that it passed to his hands, but through his subordinates -- in the letter memorandum was a list of firms which we had selected, the five original firms.

Mr. Fine. But as the job was being done, it was just in the normal course of your communications with the Washington office that you sent in this particular information as you did otherwise?

Mr. Lawton. That is right. There was no further communication until after the award had been made.

The Chairman. Any further questions?

The committee will now adjourn until a quarter after two.

(Whereupon, at 1 o'clock, p.m., the subcommittee recessed, to reconvene at 2:15 o'clock, p.m., of the same day.)

- -

in
Mr. Maletz. Mr. Strobel, I would like to ask you a number of questions regarding your private and official relationship with the New York City Architectural firm of De Young, Moscowitz & Rosenberg and with Mr. Morton Blumenthal.

First, do you know Mr. Blumenthal?

Mr. Strobel. Yes, I know him now.

Mr. Maletz. How long have you known him, sir?

Mr. Strobel. I have probably known him a little more than a year.

Mr. Maletz. How did you happen to become acquainted with him?

Mr. Strobel. He was introduced to me by Mr. Mansure.

The Chairman. Mr. who?

Mr. Strobel. Mr. Mansure.

Mr. Maletz. What is Mr. Blumenthal's background?

Mr. Strobel. I know very little about that.

The Chairman. Is he a lawyer?

Mr. Strobel. I don't know.

Mr. Maletz. What is his present business?

Mr. Strobel. I don't know.

The Chairman. How often did you meet him in the past year?

Mr. Strobel. Well, I might have met him a half dozen

times altogether.

The Chairman. And you don't know whether he is a lawyer?

Mr. Strobel. No, I don't.

The Chairman. You don't know what business he is in?

Mr. Strobel. No, I actually don't know what business he is in.

The Chairman. Where did you meet him, in Washington?

Mr. Strobel. That's right.

The Chairman. Did you ever meet him in New York?

Mr. Strobel. Yes, I have met him once or twice in New York.

The Chairman. Under what circumstances did you meet him in New York, where and under what circumstances?

Mr. Strobel. I met him in New York, once in the National Republican Club.

The Chairman. That is a good place to meet a fellow.

Mr. Strobel. I might have met him once or twice.

The Chairman. What did you discuss with him when you met him at the National Republican Club?

Mr. Strobel. Mr. Blumenthal represented an architectural firm by the name of DeYoung and Moskowitz.

Mr. Fine. He represented, did you say?

Mr. Strobel. That's right. That is my understanding.

The Chairman. As a lawyer or a business getter or what?

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
Mr. Strobel. I don't know.

Mr. Fine. Mr. Blumenthal is an accountant of the CPA in New York, a member of the National Republican Club.

The Chairman. A CPA?

Mr. Fine. An accountant.

Mr. Keating. Did you ever meet him at the National Republican Club.

Mr. Fine. I met him there and I don't doubt their conversation was about the food at that club.

Mr. Rodino. Was it good?

Mr. Keating. No, it is terrible. It is so bad we resigned from it.

Mr. Rodino. The Republican Club?

Mr. Keating. Yes.

The Chairman. Was Mr. Blumenthal ever a secretary to former President Herbert Hoover?

Mr. Strobel. I have heard something about that. I actually can't confirm it.

Mr. Maletz. I think you have indicated that Mr. Blumenthal has been acting as a representative for the New York Architectural Firm of DeYoung and Moskowitz?

Mr. Strobel. That's right.

Mr. Maletz. In December 1954 and January 1955 did you have any discussion with Mr. Blumenthal concerning a possibility of Strobel and Salzman getting business with DeYoung and

Moskowitz?

Mr. Strobel. Yes, I did. But the result was that Strobel and Salzman was not interested in obtaining any business from that firm. There was to my knowledge a case of a New York City housing job and also possibly a school. I can't quite recall that.

Mr. Maletz. Is this not correct, that you had a discussion with Mr. Blumenthal concerning Strobel and Salzman getting some business from deYoung and Moskowitz but the business that was initially available was not attractive?

Mr. Strobel. No, that is not the true picture.

Mr. Maletz. I will develop that at some length then in a few minutes.

Mr. Fine. The fact remains did you get any business from them?

Mr. Strobel. No, I did not, not at that time.

Mr. Fine. Did you get any since?

Mr. Strobel. Later on, Mr. Salzman actually negotiated a contract with that firm. That contract was canceled you might say on my orders and the date of cancellation I believe was August 4, 1955.

I think it was the letter that the office wrote is self-explanatory in this respect that at that time then it became evident that the firm of deYoung and Moskowitz and Rosenberg might be considered for a project out of GSA.

The Chairman. Considered for a what?

Mr. Strobel. Considered for a project as architects and engineers.

The Chairman. Was this in August 1955?

Mr. Strobel. That is correct. On the basis of that possibility, I wrote to them or I had Strobel and Salzman write to them not to disqualify them for consideration, this contract which was on an unrelated proposition was withdrawn, was canceled.

Mr. Fine. Except for that there was no business relationship between you?

Mr. Strobel. Except for that there has never been any business relationship of any kind between the firm of Strobel and Salzman and the architectural firm of deYoung, Moskowitz and Rosenberg.

Mr. Keating. When you discovered that they might be considered for government employment of some kind, you terminated any relationship which your firm had entered into with them?

Mr. Strobel. That is correct.

Mr. Keating. Had you performed any work under that contract?

Mr. Strobel. No work had been performed under that contract.

Mr. Keating. Did you receive any compensation under

that contract?

Mr. Strobel. None whatsoever.

Mr. Chairman, may I read this letter? It is addressed to Messrs. deYoung and Moskowitz.

"Gentlemen:

"It has been called to our attention that yours is one of the firms asking consideration for architectural assignments for projects emanating from the Public Buildings Service of the General Services Administration. We do not wish to disqualify you from such consideration and would, therefore, ask that we be permitted to withdraw from our commitment to perform the structural engineering for the Fashion Institute of Technology project which you are doing for the Board of Education of the City of New York.

"Would you be kind enough to advise the proper authorities in connection with the Fashion Institute of Technology of your changed arrangements.

"Very truly yours,

"STROBEL AND SALZMAN

"by Joseph Salzman."

Mr. Keating. How much of a fee were Strobel and Salzman going to get under that contract?

Mr. Strobel. If my recollection is right, it was just under \$30,000.

Mr. Keating. And you gave that up voluntarily in

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
order that this firm might not be considered for government employment?

Mr. Strobel. That is correct.

The Chairman. You felt that there would be an inconsistent attitude if deYoung, Moskowitz and Rosenberg would get a contract from the General Services Administration because of your position as the Superintendent of Public Buildings? Is that correct?

Mr. Strobel. That is correct, sir. Furthermore, it would be inconsistent with the rules that I had laid down for Strobel and Salzman during my tenure in office.

The Chairman. You felt there was a conflict of interest didn't you?

Mr. Strobel. That is correct.

The Chairman. Why didn't you feel that same conflict of interest in the other cases where contracts were given where you were giving contracts to architectural firms which were connected with the firm of Strobel and Salzman as had been testified?

Why did you take the attitude that you did in one case and not in the others?

Mr. Strobel. What cases does the chairman refer to?

Mr. Keating. That is the point I was trying to make. Which case, the Petroff case?

The Chairman. Take the Petroff case.

Mr. Strobel. I hope that the Petroff case has been fully explained. And the matter of any possible conflict did not occur to me under the circumstances because under no circumstances could I benefit directly or indirectly. But my recommendation of that firm was solely for the good and the benefit of the government.

The Chairman. What about the contract you had with the Corps of Engineers?

Mr. Strobel. The contract with the Corps of Engineers was an old outstanding proposition that had been negotiated before I had anything to do with the government.

The Chairman. That was entered into one day before you became Commissioner of Public Buildings?

Mr. Strobel. I should explain that even though that negotiation was made March 21, 1954, it is a project that had been discussed with the Corps of Engineers for a long period prior to that date.

Mr. Fine. The record ought to be corrected.

The Chairman. Please. I am conducting the hearing and I am Chairman. You are out of order.

The execution of that contract with the Corps of Engineers was had after you became Commissioner of Public Buildings.

Mr. Fine. That is not the fact. That is what I am trying to tell you.

You became a consultant with the organization not

the Commissioner.

The Chairman. A consultant. You were a full time consultant and the contract was executed after you became a full time consultant to General Services Administration.

Mr. Strobel. I believe that the date of the letter of intent or notification to proceed on the basis of the contract was negotiated March 31, was April 22.

The Chairman. That is right.

Mr. Strobel. And the work was started immediately and rushed to completion?

Mr. Maletz. Mr. Strobel, did you have any discussion in December '54 or January '55 with Mr. Blumenthal concerning the possibility of deYoung and Moskowitz getting business from the Public Buildings Service?

Mr. Strobel. No, I don't believe so.

Mr. Maletz. Did Mr. Blumenthal indicate to you at any time that he was also interested in getting Public Buildings Service contracts for other clients of his?

Mr. Strobel. No, he did not.

Mr. Maletz. Did you know that Mr. Blumenthal visited Mr. Schwarz and Mr. Salzman in New York about January 4, 1955?

Mr. Strobel. I think that is mentioned in one of Mr. Schwarz' reports to me.

10 Mr. Maletz. Is that an accurate report?

Mr. Strobel. I would assume so.

Mr. Maletz. Were you apprised that Mr. Schwarz and Mr. Moskowitz went to see deYoung and Moskowitz on January 5, 1955 to explore the possibility of Strobel and Salzman getting some business from deYoung and Moskowitz?

Mr. Strobel. Is that a question?

Mr. Maletz. Yes. Were you apprised of that fact?

Mr. Fine. Were you apprised?

Mr. Strobel. I might have known about that.

Mr. Maletz. Do you know whether Mr. Schwarz and Mr. Salzman went to see deYoung and Moskowitz at the suggestion of Mr. Blumenthal?

Mr. Strobel. I don't know, that is possible.

Mr. Maletz. Is that possible?

Mr. Strobel. That is possible.

Mr. Maletz. I show you a document dated January 5, 1955 and ask you if this is a true and accurate copy of a report sent to you by Mr. Schwarz?

(Document examined by Witness.)

Mr. Strobel. That's right.

Mr. Maletz. Mr. Chairman, I ask that that document be placed in the record.

The Chairman. What is it?

Mr. Maletz. This is a report from Mr. Schwarz to

Mr. Strobel.

"I went with J. S. this morning to DeYoung & Moskowitz (at their request) and we met both of them. They told us they have a N.Y.C. housing job located at 112 St. bet. Park and 5th Avenues. They also stated that as far as they know there will be only one more housing job awarded this year. The allowance for structural engineering is \$29,000. They would like to know by Monday whether we are interested in this as they must submit the names of their engineers very soon now. Salzman will assemble some figures based on 1450 apartments and the buildings being either 16 or 20 stories high. Moskowitz showed us his very preliminary sketch and he is laying the buildings out as a rectangle with center corridors similar to Sedgwick which we did for Skidmore."

The next paragraph is immaterial. I will be glad to read it if you want, Mr. Strobel.

"As far as DeYoung & Moskowitz are concerned I told them we were more interested in a private job rather than one for the City or the State. They told us they had only the housing job and the Fashion Center and they knew we were not interested in that latter one. Of course, Blumenthal told us they had a job in Indiana, and although they did not say anything about this one it might be the one we may be interested in."

The Chairman. That will be accepted in the record.

(The document referred to is as follows:)

Mr. Maletz. Did you see Mr. Blumenthal the following week and tell him you would prefer not to take the city housing job at that time?

Mr. Strobel. That is possible. I don't recall.

Mr. Maletz. I show you a document dated January 10, 1955 and ask you whether this is a true and accurate copy of the report sent to you by Mr. Schwarz.

(Document examined by witness.)

Mr. Strobel. That's right.

The Chairman. Read that please.

Mr. Maletz. This is a report dated January 10, 1955 from Mr. Schwarz to Mr. Strobel.

"I called Moskowitz this morning, and told him their housing job would not fit into our program and he said he would get together with us on another job some time. I also called Blumenthal to tell him about it - and he told me he spoke to you Sunday evening and you said we would prefer not to take that job at this time."

Is it correct that you had a conversation with Mr. Blumenthal that Sunday evening?

Mr. Strobel. According to this I must have.

Mr. Maletz. Do you recall the conversation now?

Mr. Strobel. No, I do not.

Mr. Maletz. Is it correct that you stated that you would prefer not to take the housing job at that time?

Mr. Strobel. That is possible.

Mr. Maletz. Did you tell Mr. Blumenthal that?

Mr. Strobel. I don't recall.

Mr. Maletz. Did you instruct Mr. Schwarz to call Moskowitz to turn down the housing job?

Mr. Strobel. I might have.

Mr. Maletz. Did you also ask Mr. Schwarz to also notify Blumenthal?

Mr. Strobel. No, I don't recall that.

Mr. Maletz. It is correct is it not that on May 27, 1955, Strobel and Salzman got a commitment from DeYoung and Moskowitz and Rosenberg to do the engineering work in connection with the construction of the New York City Fashion Institute of Technology building for a fee of \$25,000?

Mr. Strobel. No, I don't recall that. What was the date?

Mr. Maletz. May 27, 1955.

Mr. Strobel. May 27 might possibly be right but I think the amount is wrong.

Mr. Maletz. What would the amount be, Mr. Strobel?

Mr. Strobel. I think it would be, as I said before, just below \$30,000.

Mr. Maletz. That was the contract which you subsequently canceled on August 4, 1955, is that right?

Mr. Strobel. Right.

Mr. Maletz. Now, was Mr. Blumenthal of assistance to Strobel and Salzman in getting this commitment from DeYoung and Moskowitz?

Mr. Strobel. No, sir.

Mr. Maletz. He had nothing to do with it?

Mr. Strobel. Only the preliminaries.

Mr. Maletz. Did he ask as representative for DeYoung and Moskowitz in -- I will put it this way. Did Mr. Blumenthal act as representative in DeYoung and Moskowitz in connection with this contract which Strobel and Salzman got on May 27, 1955?

Mr. Strobel. I think the answer would be no, because I don't think he represented that firm for a very long time.

Mr. Maletz. Did he represent the firm in May '55?

Mr. Strobel. I kind of doubt that.

Mr. Maletz. Did he represent the firm in August of 1955?

Mr. Strobel. No, sir.

Mr. Maletz. You are positive about that?

Mr. Strobel. I am positive about that.

Mr. Maletz. Are you positive about it?

Mr. Strobel. Yes.

Mr. Maletz. Now with respect to Mr. Blumenthal, did it come to your attention --

bd15

Mr. Strobel. I should say I am positive -- I don't know the DeYoung and Moskowitz business but it is my feeling or recollection that he is not representing that firm at that time.

Mr. Maletz. Did it come to your attention in any way, shape or form that in August 1955 Mr. Blumenthal was representing DeYoung and Moskowitz?

Mr. Strobel. In August '55?

Mr. Maletz. Yes, sir.

Mr. Strobel. Yes, it might have come to my attention at that time because I think he called on me in my office here in Washington.

Mr. Maletz. In connection with the first job that your concern was negotiating with DeYoung and Moskowitz, Blumenthal was an important element was he not in arranging that?

Mr. Strobel. In the beginning yes.

Mr. Maletz. And you say now he was not an important element in arranging this contract which Strobel and Salzman secured on May 27, 1955?

Mr. Strobel. I don't think so, because as far as I recall that was done between Mr. Salzman and Mr. Moskowitz?

Mr. Maletz. It is correct is it not that to your knowledge on May 27, 1955, Strobel and Salzman received a contract from DeYoung and Moskowitz?

Mr. Strobel. I think that is correct.

Mr. Maletz. You don't know now though whether or not Mr. Blumenthal was a representative on that date?

Mr. Strobel. I do not.

Mr. Maletz. With respect to Mr. Blumenthal did it come to your attention that in June 1955 he shared in a \$25,000 brokerage commission for negotiating a lease renewal with a New York office of your Public Buildings Service for government office space at 346 Broadway?

Mr. Strobel. This is the first time I heard about that.

Mr. Maletz. You knew nothing about that?

Mr. Strobel. I heard nothing about that.

Mr. Maletz. And Mr. Blumenthal never discussed the matter with you?

Mr. Strobel. No, sir.

Mr. Maletz. Did Mr. Mansure discuss the matter with you?

Mr. Strobel. No, sir.

Mr. Maletz. Did the question of lease renewal for 346 Broadway come to your attention at all?

Mr. Strobel. Only in a general way, and that was because the real estate division in New York was working up a method of shifting certain offices in order for us to be able to release rented space and I recall that particularly, that particular building being discussed or the occupancy of that building being discussed with Internal Revenue in New York.

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
However they refused to go in there unless they could

get very major alterations and modifications done to that old building which we refused to go along with.

Mr. Maletz. But you don't know of the fact that Mr. Blumenthal was a co-broker?

Mr. Strobel. I had no knowledge whatsoever.

Mr. Maletz. The Broadway-Lafayette Corporation, the owner of that space filed a form 119, "Contractor's Statement of Contingent or Other Fees." and this file was filed on June 14, 1955. It points out that Mr. Daniel J. Riesner and Mr. Morton Blumenthal both of New York City were Co-brokers. and I quote from this form "Brokerage compensation to be fixed according to legal rates of New York Real Estate Board, amounting to Twenty-five Thousand Dollars."

This form points out that Daniel J. Riesner represents contractor on other business. Morton Blumenthal is co-broker on this contract. And the duties performed by these gentlemen also includes inspection of building, preparation of data, submission of bid, discussion and negotiation of terms, and as to Daniel J. Riesner, closing of lease, preparation and examination of documents and legal services.

Daniel J. Riesner has been an attorney with broker privileges and rights for 28 years. Morton Blumenthal has been a broker since 1954. Daniel J. Riesner has done work for contractors for 2 years. Morton Blumenthal has rendered

8 services on this lease."

Mr. Keating. Where is that form filed?

Mr. Maletz. This form was filed with the General Services Administration.

Mr. Fine. In Washington or where?

Mr. Maletz. I believe it was filed with the New York office of GSA, but I am not positive about that.

Mr. Keating. Filed by the contractor?

Mr. Maletz. Filed by the contractor.

Mr. Keating. By this concern --

Mr. Maletz. The owner of the building.

Mr. Fine. Of 346 Broadway?

Mr. Keating. Yes.

The Chairman. Do you want that in the record?

Mr. Maletz. I offer that in the record.

The Chairman. That will be received.

(The document referred to is as follows:)

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
Mr. Maletz. Were you familiar with the fact that that

form was filed with the Public Buildings Services?

Mr. Strobel. This is the first time I hear about that.

Mr. Maletz. I would like to turn to the circumstances surrounding the selection by the Public Buildings Service of DeYoung and Moskowitz as participating architects to design the new CIA Headquarters building in Washington, D. C., together with the role if any of Mr. Blumenthal that he played in that selection.

With respect to the construction of the CIA building, you are aware I think that there has been and still is a dispute between the CIA and the Public Buildings Service as to which should be the contracting agency for this new building?

Mr. Strobel. That is correct.

Mr. Maletz. I take it that that dispute has not been resolved as of this date?

Mr. Strobel. Not as yet.

Mr. Fine. Are you switching into something else?

Mr. Maletz. Yes.

Mr. Fine. You got away from 346 Broadway?

Mr. Maletz. Yes.

Mr. Fine. What was the purpose of the question?

Mr. Maletz. The purpose was to ascertain whether Mr. Strobel was familiar with that and he is not.

In the latter part of July 1955 was the Public Buildings Service requested by CIA to submit to it a list of outstanding architects who could design this building?

Mr. Strobel. I don't recall the date but we were talking with the representatives, facility representatives of CIA in regard to selection of architects in connection with a new headquarters for them and a list of architects were discussed with those representatives of CIA in my office around that time.

I should like, Mr. Chairman, to supplement my information given the other day in regard to selection of architects for certain special projects.

The method I described the other day applies primarily or in general to our average projects that are spread out over the country. When it comes to exceptionally large and important buildings, that can be classified as being of a national character, we do not follow the exact method that I described.

We have established in my office a file up to date of information in regard to capacity and qualifications of the most outstanding firms in the whole country. I think the list contains around 90 firms. I could describe the picking of those firms as being from the top of the deck.

According to national reputation and capacity. A project like CIA, which is extremely large, it is estimated to cost \$46,000,000, and to be located in or near Washington,

1 is in our judgment one of these special projects where we do not solicit any given number of architects. We look over our up-to-date file and make a selection on that basis which in some respects will nullify the normal consideration for using local firms.

You must understand that big cities like Boston, Chicago, New York and Los Angeles and San Francisco have many large important architectural firms. And for the very important projects -- and there will be several such projects under consideration very shortly -- one is a large extension for the State Department. Another one is a museum for history and technology for the Smithsonian Institute and there might be others later on. Those projects will be given to outstanding qualified firms, not on a local basis.

Mr. Maletz. Now, did you have discussions with the people in public buildings service with respect to sending to CIA a list of outstanding architects who could design the CIA building?

Mr. Strobel. We made up a list. Whether it was sent to CIA I don't know, but it was discussed with them.

The Chairman. You participated in making up that list.

Mr. Strobel. That is right.

Mr. Maletz. I show you a document which has been made available to us by GSA and ask you whether that is an accurate copy of a list which purportedly was sent to CIA.

Mr. Strobel. Actually I believe this list was made up for another purpose in order to arrive at a selection for another large project.

The Chairman. What project was that?

Mr. Strobel. It might possibly have been the Smithsonian.

The Chairman. What was involved in that building?

Mr. Strobel. That is estimated to cost \$37,000,000.

The Chairman. Is the name of DeYoung, Moskowitz and Rosenberg on that list?

Mr. Strobel. Yes.

The Chairman. And that firm of DeYoung, Moskowitz and Rosenberg was one of the architects that might be used in the Smithsonian or some other building?

Mr. Strobel. They were on the list together with the other outstanding firms in New York City and other cities.

Mr. Maletz. Mr. Strobel, was that list sent to CIA according to your recollection?

Mr. Strobel. According to a note here it was.

Mr. Keating. How many names are on that list?

Mr. Strobel. 11.

Mr. Maletz. Mr. Chairman, I offer that document in evidence. That list contains the name of 14 architects does it not? Would you like to have the list read to you?

Mr. Strobel. There are 11 firms, there may be 14 archi-

tects.

Mr. Maletz. There are 11, but the first is a combination of architects.

Mr. Strobel. Right.

Mr. Maletz. Why don't you have this list? I think you might consult that list.

Mr. Keating. Who put that notation on the bottom "sent to CIA"? The only reason I raise that is that you said something about the Smithsonian Institute. I don't know how important it is.

Mr. Strobel. I don't know who put that note on it. That is just a matter for the record.

Mr. Maletz. That was furnished to the committee by the General Services Administration. That is the original document that was made available to the committee.

Mr. Fine. From Mr. Manusre's office?

Mr. Maletz. Yes.

Mr. Strobel. Then this note was put on at the time this was given to you?

Mr. Maletz. Yes, that was on the document which was made available to us.

The Chairman. Mr. Hill?

Mr. Hill. Yes, sir.

The Chairman. You gave that document to us, did you not?

Mr. Hill. Yes, I can explain that I believe. That is my handwriting on there. One of the men from my office.

The Chairman. What is your connection with the GSA?

TESTIMONY OF JOHN E. HILL

DIRECTOR OF COMPLIANCE

DIVISION, GENERAL SERVICES ADMINISTRATION

Mr. Hill. Director of Compliance Division.

Mr. Keating. Let's have this witness sworn along with the others.

The Chairman. Do you solemnly swear to tell the truth, the whole truth and nothing but the truth so help you God?

Mr. Hill. I do.

The Chairman. What is your full name?

Mr. Hill. John E. Hill.

The Chairman. You sent that document you have in your hand to this committee, did you not?

Mr. Hill. Yes, sir.

The Chairman. It is a document you took out of the files of the GSA?

Mr. Hill. Yes.

Mr. Maletz. Were you led to believe by people in the public buildings service that that was a true and accurate copy of a list of architects that will be sent by the Public Buildings Service to the CIA?

Mr. Hill. I was, sir. I can explain how that occurred if you care to hear it?

Mr. Maletz. Would you please?

Mr. Hill. Mr. Dineen who was one of the agents. Mr. Ray Dineen who was one of the special agents in our office was sent to the Commissioner's office to request information as to what names had been submitted to CIA. He brought this document back with him, but upon the face of the document it did not indicate that these particular names had been submitted to CIA and I am sure that I wrote that notation on at the time that Mr. Dineen brought this back, from, I don't know whether it was the Commissioner's office or one of his immediate subordinates up there.

Mr. Fine. I just don't understand. You said the Commissioner's office before too, whom did you refer to?

Mr. Hill. I think the Commissioner's office adjoins --

Mr. Fine. Which commissioner?

Mr. Hill. Commissioner of Public Buildings Service.

Mr. Strobel.

Mr. Fine. Mr. Dineen went to Mr. Strobel's office that is what you were saying?

Mr. Hill. That is right.

Mr. Rodino. You learned from whom that purported to be sent to the CIA?

Mr. Hill. From Mr. Dineen.

Mr. Rodino. Then you added that notation?

Mr. Hill. Yes.

Mr. Keating. Who is Mr. Dineen?

Mr. Hill. He is one of the investors in the office of Compliance and Security of GSA.

Mr. Keating. And you are the head of that office?

Mr. Hill. I am not the head of the office, I am head of division, of the Compliance Division.

Mr. Keating. Who is the head of the office?

Mr. Hill. Byron Shacklette.

Mr. Keating: Whom have you been with at Public Buildings Administration?

Mr. Hill. I am with General Services Administration. I have been with them since its inception in 1949 and the predecessor agency in 1946.

Mr. Keating. Did you deliver a lot of these documents to the counsel for this committee?

Mr. Hill. Yes, sir. I think in most instances, counsel for the committee selected the documents that he wanted photostated or copies from the files himself.

Mr. Keating. He came down to your office?

Mr. Hill. Yes, sir.

Mr. Keating. And you worked with him in getting the documents?

The Chairman. What is this? A cross examination?

Mr. Keating. I want to ask some questions about this.

The Chairman. I don't think the questions are pertinent.

Mr. Keating. We want to know what is behind it.

The Chairman. I can tell you what is behind it. You are not going to impugn the credibility of a man like this who simply forwarded documents to us.

Mr. Keating. You are getting rather touchy about impugning credibility.

The Chairman. Proceed with the examination.

Mr. Keating. I want to ask some questions.

The Chairman. You are out of order.

Mr. Keating. What kind of a hearing is this?

The Chairman. You can put any kind of a complexion you want on the hearing.

Mr. Keating. I am denied the opportunity to ask questions of this witness?

The Chairman. You can ask him questions a little later on. I want to continue the testimony of Mr. Strobel.

Mr. Keating. I think it is very pertinent now that the documents came up.

The Chairman. You are out of order. You will get your chance. Go ahead with Mr. Strobel.

Mr. Keating. I hope the witness will be directed not to leave the room.

The Chairman. He will not leave.

369

Mr. Maletz. This list contains the names of 14 architects, does it not, Mr. Strobel?

Mr. Strobel. That is correct. Architectural firms I should say.

Mr. Maletz. Is it correct that one of the architects whose name was submitted to CIA was Urbahn, Brayton, and Burrows?

Mr. Strobel. That is correct.

Mr. Maletz. Is it correct that Urbahn, Brayton and Burrows is a client of Strobel and Salzman?

Mr. Strobel. They have been in the past.

Mr. Maletz. Is it correct that that list includes the architectural firm of Kelly and Gruzen?

Mr. Strobel. That is correct.

Mr. Maletz. And is it correct that Kelly and Gruzen is a client of Strobel and Salzman?

Mr. Strobel. Did counsel say is or has been?

Mr. Maletz. Is or has been.

Mr. Strobel. That is correct.

Mr. Maletz. Is Kelly and Gruzen presently a client of Strobel and Salzman?

Mr. Strobel. They might be.

The Chairman. They might be?

Mr. Strobel. That is right.

The Chairman. You are not sure they are not?

Mr. Strobel. I am not sure they are or they are not.

Mr. Maletz. Is it correct that that list includes the architectural firm of Harrison and Abramovitz?

Mr. Strobel. That is correct.

Mr. Maletz. Is it correct that Harrison and Abramovitz has been or is a client of Strobel and Salzman?

Mr. Strobel. That is a matter of opinion whether they are clients of Strobel and Salzman. They appear on the list that I submitted to Mr. Mansure, a list of clients of Strobel and Salzman.

Mr. Maletz. That is a matter of opinion whether they are clients of Strobel and Salzman. They appear on the list that I submitted to Mr. Mansure, a list of clients of Strobel and Salzman.

Mr. Strobel. However, we have only done one project with them.

The Chairman. One what?

Mr. Strobel. One project for that firm. And they were directed by the builder or the owner to use us. They are not regular clients of ours.

The Chairman. Is it correct that the list includes the architectural firm of Eggers & Higgins?

Mr. Strobel. That is correct.

The Chairman. Is Eggers and Higgins a client of Strobel and Salzman?

Mr. Strobel. They are.

The Chairman. About how many projects has Strobel and Salzman performed for Eggers and Higgins since May 1, 1953?

Mr. Strobel. It might be two or three.

The Chairman. Does that list include the name of Shreve, Lamb & Harmon as a client of Strobel and Salzman?

Mr. Strobel. They have not been a client of the firm for quite a number of years, maybe as many as six years. They were previously.

The Chairman. Is it correct that that list includes the name of DeYoung, Moskowitz and Rosenberg?

Mr. Strobel. That is correct.

The Chairman. Is it not correct that at the time this list was sent to CIA, Strobel and Salzman had a contract with DeYoung and Rosenberg amounting to something under \$30,000?

Mr. Strobel. That would be a matter of comparing the dates as to when this was sent and the date of the letter canceling the agreement between Strobel and Salzman and DeYoung, Moskowitz and Rosenberg?

The Chairman. If this list was sent over to CIA in July, would it be correct that Strobel and Salzman as of that time had this contract with DeYoung, Moskowitz and Rosenberg?

Mr. Strobel. That would be correct.

31 The Chairman. It is correct then is it not that six of the 11 or 14 architectural firms submitted to CIA were or are clients of your firm?

Mr. Strobel. In answer to that, I would say that it is correct and it goes to prove the high caliber of clientele. Strobel and Salzman has been able to establish.

In other words it would be impossible to give fair consideration to the qualified firms without running across some people that I had business with as a partner of Strobel and Salzman.

Mr. Keating. There were a great many architectural firms that you had had business with that were not on that list, I take it.

Mr. Strobel. Oh, yes.

Mr. Keating. Were all of those six firms that are mentioned here, New York City firms?

Mr. Strobel. Yes, I think they are.

Mr. Keating. There are several from other cities than New York, are there?

Mr. Strobel. That is correct, there are some from Detroit and Chicago. Alexandria, Virginia and Boston.

Mr. Maletz. Do you recall receiving a letter on August 3, 1955, from Mr. Allen Dulles, head of the CIA, stating that he would like to select his architect for this CIA building, the New York City firm of Harrison and Abramovitz?

Mr. Strobel. I do not believe that letter was sent to me.

Mr. Maletz. I show you a document --

Mr. Strobel. But I do believe I saw a letter which was addressed to Mr. Mansure.

Mr. Maletz. I show you a document dated August 3, 1955 which is addressed to Mr. Mansure from Mr. Allen Dulles and ask you whether this is a true and accurate copy of the letter which had been received by GSA?

Mr. Strobel. That is correct.

Mr. Maletz. Is that an accurate copy, Mr. Strobel of a letter which had been received by GSA?

Mr. Strobel. That is correct.

Mr. Maletz. I ask that that letter be introduced in evidence.

The Chairman. We accept it.

(The document referred to is as follows:)

The Chairman. The letter might be read. Read it.

Mr. Maletz.

Mr. Maletz. This is to Honorable Edmund F. Mansure, Administrator, General Services Administration.

"In Title IV of Public Law No. 161, 84th Congress, and the Supplemental Appropriation Act, 1956, which awaits the President's signature, the Congress has authorized the Director of Central Intelligence to provide for a headquarters installation for the Central Intelligence Agency and has appropriated \$5,500,000 to this Agency for the preparation of detail plans and specifications and for other purposes.

"Our representatives have been working together on this project for several months and I appreciate the personal interest which you have shown in expediting it as much as possible. I am now in a position to select an architect which you and General Bragdon urged me so strongly to do when you called on me some weeks ago and which I discussed with you briefly today by telephone.

"I reviewed the list of architectural firms to which the Public Buildings Service mailed questionnaires and my representatives have examined the responses of some 57 of these firms which have been returned to date. Of these, it appears that Harrison and Abramovitz is at this time in a particularly good position to undertake this work and I am personally very much aware of their outstanding reputation.

I have personally known Mr. Wallace Harrison for many years and believe that he, as well as his partner, are particularly qualified to deal with certain of the specialized problems involved in a building for C.I.A. Subject to negotiation of a satisfactory contract, I should like to select this firm to perform the architectural and engineering services for this construction.

"I trust that this selection will be agreeable to you as I desire to proceed immediately with the necessary preliminary negotiations.

"Sincerely yours,

"Allen W. Dulles, Director."

- - -

Mr. Fine. Who is that letter addressed to?

Mr. Maletz. Mr. Mansure.

Did you have several telephone conversations on the next day, August 4 with Mr. Mansure, concerning the selection of architects for the CIA building?

Mr. Strobel. I think I did.

Mr. Maletz. I show you a document a photostatic copy of a transcript of that telephone conversation which I believe you have already identified.

Mr. Strobel. That is correct.

Mr. Maletz. Is it correct that you identify this document this morning?

35

Mr. Strobel. That is the same document.

Mr. Maletz. Mr. Chairman, I ask that this transcript of telephone conversation be offered in evidence.

The Chairman. Accepted.

(The document referred to is as follows:)

Mr. Maletz. This document reads as follows.

The Chairman. What date?

Mr. Maletz: August 4, 1955.

"Mr. Mansure called Mr. Strobel 4:50 p.m. re CIA architect.

Mansure - Pete on this CIA job. I got a call from Dulles. What is it about?

Strobel - they are coming over tomorrow afternoon right after lunch. We are trying to work up list.

Mansure - Is idea to have 2 or 3 on it.

Strobel - it is a very big job.

Mansure - I don't think we should have just one firm.

Strobel - It will be a combination."

Mr. Maletz. I do not read the next two items.

"Mansure - What about Bloomenthal's recommendation?

Strobel - de Young & Moscovitz.

Mansure - How do these firms stack up in quality?

Strobel - I would like to show you the names (interrupted by Mr. Mansure)

Mansure - Is Moscovitz one of them?

Strobel - Could be one of them but if considered they should be combined with strong local firm. There is a stronger firm than Willgoos & Chase - Louis Justement. We don't know if building will be in Maryland or Virginia."

Mr. Maletz. Delete the next.

7 **"Strobel - If you get good smaller firm you are assured of the time of the principals.**

Mansure - They are pushing for a Federal Office building in Chicago. I would rather not bring Chicago firm in on this. Take New York, Washington, Cleveland, etc. Chicago firm got Air Force job in Colorado.

Strobel - One other consideration on CIA is that State Department will come right after it and Smithsonian. Smithsonian will be special consideration. It is the architectural plum.

Mansure - Only thing is we told Bloomenthal that he would get chance at --"

Mr. Maletz. I am not sure whether that should be AEC or CIA, do you recall?

Mr. Strobel. That should be AEC.

The Chairman. What is AEC?

Mr. Strobel. That is the Atomic Energy Commission.

Mr. Maletz. I will repeat that "The only thing is we told Bloomenthal that he would get a chance at AEC. Strauss told him same thing."

The Chairman. Who is Strauss?

Mr. Strobel. I would like to explain that word "we". I was not in that.

The Chairman. Who is Strauss?

Mr. Strobel. Admiral Strauss, Chairman of the AEC.

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
Mr. Maletz. He told Bloomenthal that he would get

a chance at the AEC building?

Mr. Strobel. I don't know anything about it.

Mr. Maletz. "They were never given chance to present their goods.

"Strobel - We are collecting up-to-date information on 70 to 75 firms so that we don't have to go out and collect questionnaires every time we do a job.

Mansure - What about HE&W in Atlanta - lot of criticism on that. Chip Roberts.

Strobel - This is probably the only project on which we will use the existing plans. More criticism from AIA and architects in general if we do nothandle this way.

Mansure - These contracts were signed two years ago?

Strobel - Right.

Mansure - Can we write letter to that effect to these people?

Strobel - Yes.

Mansure - Call me if you need me for meeting tomorrow. I'll call Dulles back now.

5:01 P.M.

Mansure - I just talked to Dulles. He is interested in firm of Harrison & Abramovitz. Should give serious consideration to that firm. It would be most helpful to him if we could decide before he goes to Europe next week. When are you meeting, tomorrow? Give me a call tomorrow.

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
I would like you to keep in mind - don't use up all of your big guns on the first building. Let's have a little bit of depth.

Strobel - Erro Saarinen would be strong recommendation for Smithsonian.

Mansure - If you took Harrison for this.

Strobel - We have State Department Building.

Mansure - Give some consideration to De Young and Moscovitz. Let's keep one top architect on your list for each building.

Strobel - We have so much good talent to pick from. A job like CIA of \$46 million is actually big enough to have a combination that could consist of 3 firms. I feel we should spread a bit.

Mansure - Lot of prestige. O.K. Call me tomorrow."

Mr. Maletz. Now could you tell me if the Blumenthal referred is Mr. Morton Blumenthal about whom I inquired previously?

Mr. Strobel. That is correct.

Mr. Maletz. So therefore on August 4, 1955, Mr. Blumenthal was representing de Young and Moscovitz, isn't that correct?

Mr. Strobel. That would be the inference from this, as far as Mr. Mansure was concerned.

Mr. Maletz. Could you tell this committee why you and --

Mr. Keating. Why do you say it is the inference

then from that. I don't follow you on that.

Mr. Strobel. Because I don't, I can't verify whether he actually was representing them or not.

Mr. Keating. They refer to having promised or having given Blumenthal a chance. I thought that referred to the past.

Mr. Strobel. That referred to the past, however, it is current as well.

Mr. Maletz. Could you tell the committee why you and Mr. Mansure were so interested in Mr. Blumenthal's recommendation?

Mr. Strobel. I can only answer for myself.

Mr. Maletz. Yes.

Mr. Strobel. And the point is that I would not be particularly interested in de Young and Moskowitz. I knew of them. It was a qualified firm and would be perfectly willing to consider them on the basis of Mr. Mansure's request.

Mr. Maletz. Now, Mr. Strobel, Mr. Mansure asked you about Blumenthal's recommendation. And you said deYoung and Moskowitz. How did you know that?

Mr. Strobel. I think we had discussed that previously. At the time, I don't know just when, there must have been some discussion previously.

Mr. Maletz. I believe if my memory serves me correctly that you testified that you did not have any discussion with Mr. Blumenthal concerning possible government business for deYoung and Moskowitz?

Mr. Strobel. I don't think I did.

Mr. Maletz. How would you know that, Mr. Blumenthal had recommended deYoung and Moskowitz?

Mr. Strobel. Because Mr. Mansure told me.

Mr. Maletz. I repeat this excerpt from the conversation "Mansure - What about Blumenthal's recommendation?

Strobel - DeYoung and Moskowitz".

Does that not indicate to you that you were familiar at the time of your conversation with Mr. Mansure that you were familiar with the fact that Mr. Blumenthal had recommended DeYoung and Moskowitz?

Mr. Strobel. That is correct.

Mr. Maletz. So therefore would it not be fair to assume that you did have some conversation with Mr. Blumenthal concerning DeYoung and Moskowitz?

Mr. Strobel. Not necessarily, because as far as the recommendation of DeYoung and Moskowitz, that was Mr. Blumenthal's business and he did that to Mr. Mansure and Mr. Mansure asked me about this firm which I am sure he did not have any personal knowledge of. Are they qualified? If they are then give them consideration.

Mr. Maletz. Did you get the impression that Mr.

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
Mansure was interested in DeYoung and Moskowitz?

Mr. Strobel. The answer would be yes, sir. He was recommending them and if they were qualified, I would be perfectly willing to consider them. As I said before.

Mr. Maletz. Was that because of Mr. Blumenthal that Mr. Mansure was interested in DeYoung and Moskowitz?

Mr. Strobel. I don't know. I can't answer that.

Mr. Maletz. Is it normal procedure for you or Mr. Mansure to decide what architects are selected for buildings like the CIA building, the AEC building, the Smithsonian building, the New State Department building?

Mr. Strobel. I think it is natural for Mr. Mansure being the head of GSA to have some interest in some of these outstanding projects. However, I have let a number of contracts without discussing them with Mr. Mansure.

Mr. Maletz. Did you have any conversations with Mr. Allen Dulles concerning Harrison and Abramovitz?

Mr. Strobel. Yes, I did.

Mr. Maletz. Did he indicate why he wanted to select Harrison and Abramovitz for this building?

Mr. Strobel. I think he stated his case similar to what was in the letter he wrote.

Mr. Maletz. That was what he stated to you in the discussions concerning Harrison and Abramovitz?

Mr. Strobel. That is right.

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
Mr. Maletz. Did you decide on the same day August 4,

to select DeYoung and Moskowitz as a participating architect on the CIA building?

Mr. Strobel. I am not quite familiar with the dates. But we did have a few meetings with CIA and I recall a conference in Mr. Dulles' office at which Mr. Mansure was present and the combination of the firm. Harrison and Abramowitz having been picked by Mr. Dulles, not by me and the firm of DeYoung and Moskowitz having been suggested by me on the basis we discussed, would be a fair and good selection for this project. They are both very outstanding firms. I might elaborate on my comments in the telephone conversation, why I have the idea that we should have more than one firm on these large projects.

In fact we encourage and make combinations on even very small projects. In this case here, the project is so large that it takes a capacity of probably more than any one office in existence at the present time to do it alone.

I figured out that first of all the fee would be from one and a half to two million dollars. I figured out that it would take a force of something like 80 men on the board -- I am now talking about technical people, architects and engineers -- a period of 9 months to produce that job. Well, I don't know of anyone office that could take on such a project and promise completion unless it just happened

that they had the force and no other work at the time they started on it. There are very few offices of that size in the country, and due to the information, due to our current file on the status of capacity which would mean how much work they can produce with their present work loads, it bears out the fact that a combination is definitely in order if we want to be assured of the project in time. It has to be remembered that most architects and engineers are extremely busy now.

Mr. Maletz. Now on August 4, the same day as the telephone conversation, it is correct is it not that Mr. Salzman of Strobels and Salzman wrote to DeYoung and Moskowitz withdrawing from the contract that Strobels and Salzman had with DeYoung and Moskowitz?

Mr. Strobels. According to the letter I wrote.

Mr. Maletz. I don't recall whether this letter was offered in evidence.

The Chairman. It has been in evidence.

Mr. Maletz. Has it been read?

Mr. Strobels. I read it.

Mr. Maletz. Do you recall whether or not on August 4, a decision had been made to select DeYoung and Moskowitz for this CIA building?

Mr. Strobels. Are you tying that, on what basis are you tying that question into August 4?

Mr. Maletz. On the basis of the Strobel and Salzman letter which was sent to DeYoung and Moskowitz canceling your contract with DeYoung and Moskowitz?

Mr. Strobel. I don't know whether it was a few days after or before.

Mr. Maletz. Did you feel that Strobel and Salzman could possibly get future business from DeYoung and Moskowitz?

Mr. Strobel. I have no feeling in that matter. They have never been clients of ours and are not clients of ours at this time. The only contact we had with them was what was testified before.

Mr. Maletz. On August 10, did you reach an agreement with the CIA that Mr. Harrison of Harrison and Abramovitz with Mr. Allen Dulles approval would have the final decision to the plans or designs which would be submitted for the CIA building?

Mr. Strobel. Subsequently agreement was reached, whether it was August 10 or any other date I can't say unless I have documentation.

Mr. Maletz. I show you a document dated August 10 at the top and dated August 12 at the bottom and ask you whether this is a true and accurate copy of the agreement?

(Document examined by witness.)

Mr. Strobel. That is correct. I might explain that at a meeting in Mr. Dulles' office where we were present

46 Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
and the architect Harrison, it was agreed upon or it was agreed to by us of GSA that in this combination Mr. Harrison would, as this statement says, have the final decision as to which plans or designs would be submitted. In other words, with that upper hand so to speak in the combination, he would have the major decisions or the right to make the major decisions in regard to design. Assuming they would meet with our approval.

Mr. Fine. I just wanted to ask you this question.

I think it would be appropriate now to ask you the questions that Mr. Scott asked you, whether or not you directly or indirectly benefited by putting this firm's name, DeYoung and Moskowitz on that list?

Mr. Strobel. None whatsoever, no tie whatsoever.

Mr. Maletz. Mr. Strobel, on August 12, 1955, did you write DeYoung and Moskowitz and advise them that they had been selected as the second party for architectural work in the new CIA building?

Mr. Strobel. I did write them. As to the date I would have to see the letter.

Mr. Maletz. I show you a document dated August 12 and ask you if that is the letter you sent.

(Document examined by witness.)

Mr. Maletz. I offer in evidence a document dated August 10, 1955, an agreement between Commissioner of Public

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

147

Buildings and the CIA concerning the selection of Harrison and Abramovitz as architects for the CIA project.

The Chairman. It will be accepted.

(The document referred to is as follows:)

Mr. Maletz. Is that an accurate copy of the letter you sent to DeYoung and Moskowitz?

Mr. Strobel. That is correct.

Mr. Maletz. This letter states does it not, "Dear Mr. Moskowitz:

"This is to confirm information given to you by telephone today that it is our intention to negotiate an architectural-engineering contract for plans and specifications for the new headquarters for CIA to be built in Washington, D. C.

"A combination of architects consisting of Harrison and Abramovitz and F. R. King as one party and deYoung Moscovitz and Rosenberg as the second party has been selected by CIA and GSA. The two enclosures are self-explanatory in regard to final authority on final decisions on plans and design to be submitted.

"We hope this agreement can be executed as soon as possible, as we are anxious to proceed with the negotiations for the A-E contract.

"Sincerely yours.

P. A. Strobel

"Commissioner of Public Buildings."

Mr. Maletz. Now, Mr. Strobel, is it or is it not true that the reason for the selection of DeYoung, Moskowitz and Rosenberg was because of Mr. Blumenthal?

Mr. Strobel. I can't answer as to that.

Mr. Maletz. Did you feel --

Mr. Strobel. I would say as you know he had represented them in his talks with Mr. Mansure. Mr. Mansure had asked me if they were qualified and I told him that they were fully and highly qualified.

Mr. Fine. I just don't quite understand. Suppose it were true. I am just trying to clarify something in my mind on the facts. Suppose it were true that Mr. Blumenthal did recommend DeYoung and Moskowitz and it was only because he recommended DeYoung and Moskowitz that the firm was selected, what has that to do with this particular case of conflict of interest between Mr. Strobel and the firm of Strobel and Salzman?

The Chairman. It shows a direct relationship between Mr. Blumenthal and the witness who is on the stand now and if you don't feel that it is that way, you can draw any inference you wish. We can't present these cases with precision. You have what is called an envinement here.

Mr. Fine. I am not questioning the propriety of asking the questions. I wanted to know for my own sake what conclusions the counsel can draw from the record.

The Chairman. Draw your own conclusions.

Mr. Fine. Did you ever get any money from Mr. Blumenthal?

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
Mr. Strobel. Never.

Mr. Fine. Did you ever gain anything directly or indirectly from Mr. Blumenthal at any time?

The Chairman. Nobody is charging that. Mr. Blumenthal and DeYoung and Moskowitz are good friends and DeYoung and Moskowitz received some business from this witness. Let the chips fall where they may. You forgot there was a contract given by DeYoung and Moskowitz to Strobel and Salzman.

Mr. Fine. And canceled.

The Chairman. The contract was given Strobel.

Mr. Strobel. I would like to mention.

The Chairman. You don't have to comment on the colloquy among the members, unless there is a question.

Mr. Keating. I have a question.

What is the comment on the colloquy among the members?

Mr. Strobel. As far as the selection of the firm of DeYoung and Moskowitz, as far as I am concerned Mr. Blumenthal does not enter into it.

The Chairman. You have a lot of advocates on this committee. They ought to be on your side of the table and act as your counsel.

Mr. Keating. We like to see a fair hearing. I am the only one cut off.

The Chairman. This hearing has been conducted in a

ed51 fair objective manner.

Mr. Fine. No question about that.

The Chairman. Nobody can complain about that. Mr. Maletz has a question. Ask it, Mr. Maletz.

Mr. Maletz. I want to ask you this. I believe I have asked you the question previously:

In July 1955 when Public Buildings Service recommended DeYoung and Moskowitz to the CIA, is it not true that the contract between Strobel and Salzman on the one hand and DeYoung and Moskowitz on the other was still in effect?

Mr. Strobel. I don't think so according to the dates there.

Mr. Maletz. Did you not indicate that this contract was canceled on August 4, 1955?

Mr. Strobel. August 4, right. The letter I read or you read was August 12.

Mr. Maletz. I am referring to the recommendation direct to the CIA concerning DeYoung and Moskowitz?

Mr. Strobel. There may have been some overlap.

The Chairman. There is your regular steps. If you listened attentively.

Mr. Fine. I read all the facts I read the Lord and listened attentively. I am mindful of the fact in which I concur of the statement that you made at the beginning of this hearing, that the committee does not wish to prejudge Mr.

Strobel. You want to get at the facts. I want to get at the facts just as you do.

Mr. Maletz. Did you say that actually DeYoung and Moskowitz was selected on the basis of a recommendation by Mr. Mansure to you?

Mr. Strobel. I would say that had some bearing.

Mr. Maletz. Subsequently, the selection of DeYoung and Moskowitz as the architects of the CIA building was with drawn, was it not?

Mr. Strobel. That is correct.

Mr. Maletz. That was on the basis of a letter you received from Colonel White, Deputy Director of the CIA?

Mr. Strobel. It was actually on the basis of a telephone call from Mr. Allen Dulles to me.

Mr. Maletz. Do you recall receiving a letter dated August 18, from L. K. White, Deputy Director of the CIA?

Mr. Strobel. I had a communication from him.

Mr. Maletz. I show you a document dated August 18 and ask you whether that is a photostatic copy of the letter which you received?

(Document examined by witness.)

Mr. Strobel. That is correct, that is the letter.

Mr. Maletz. May I have that in evidence?

Mr. Keating. May I see it if it is not going to be

read?

Mr. Maletz. It is rather lengthy.

Mr. Pine. What is the gist of it?

Mr. Maletz. The gist of it is that the naming of DeYoung and Moskowitz was going to be withdrawn because --
The Chairman. Read the whole thing.

Mr. Maletz. "The Honorable Peter A. Strobel,
Commissioner of Public Buildings, General Services Administration, Washington 25, D. C.,

"Dear Mr. Strobel:

"I have just received the copies of your letters of 12 August 1955 to Mr. Moscovitz and Mr. Harrison which I requested after you read them to me on the telephone this morning. While I was aware you had considered the firm of deYoung, Moscovitz, and Rosenberg as a possible affiliate to Harrison & Abromovitz on the architectural-engineering contract for the Central Intelligence Agency's building, there is no foundation whatsoever for your statement in your letter to Mr. Moscovitz that his firm had been selected by the Central Intelligence Agency.

"At the various meetings on 9 August between the Director of Central Intelligence, the Administrator of General Services, Mr. Harrison, and others, including yourself, it was made quite clear that the question of affiliation and the candidates therefor would be considered but that no decision

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
would be made without further study and discussion with
Mr. Harrison.

"Therefore, any commitment or even discussion of affiliation with any other firm is premature.

"It is essential that the precise situation be made quite clear to Mr. Moscovitz in writing at the earliest opportunity. This implies no criticism whatsoever of the firm of deYoung, Moscovitz, and Rosenberg, but would apply equally to any other firm that might have been put in the same position. The magnitude and complexity of this construction project require the most careful consideration by all concerned in the initial steps.

"As you know, we hope to work out a mutually satisfactory arrangement with the General Services Administration for carrying out this project, but unless and until our respective roles are clearly delineated and agreed upon, I must request that all actions of any nature whatever by the General Services Administration with regard to this project be concurred in fully and in writing by the Central Intelligence Agency in advance.

"Sincerely,

L. K. White

Deputy Director."

The Chairman. Accepted in the record.

(The document referred to is as follows:)

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
Mr. Maletz. If I may turn to another matter.

Mr. Strobel. Mr. Chairman, may I follow this particular subject. I just want to emphasize that it was of no interest to me whether DeYoung and Moskowitz were selected. I mean to me personally, whether they were selected. I might also comment on the letter just read, that Mr. Mansure and I thought we had full agreement and understanding in regard to the combination but Mr. Dulles thought differently and he requested me to cancel the contract and I wrote letters to both DeYoung and Moskowitz and Harrison and Abramovitz cancelling the selection which had only been carried through the talking stage, no contract had been negotiated. The situation is the same this day.

Mr. Keating. The thing is right back where it started and there is nobody selected.

Mr. Strobel. That is right. An argument has developed between Public Buildings and CIA as to who should be the contracting officers. Mr. Dulles takes the attitude that according to let us say authority given to him through the appropriation, he must be the contracting officer, and he wants to use us in Public Buildings only as technicians.

I have said that unless we are contracting officers, we will have nothing to do with it. We are the construction agency of the Federal Government and we see no reason why an agency like CIA that is not qualified to carry out a

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
construction job of this caliber should be the contracting officer.

Mr. Keating. That is one matter that this committee does not have to resolve.

Mr. Strobel. That is correct.

Mr. Maletz. Mr. Strobel, if I may turn to another matter.

Mr. Keating. Before you do, I would like to renew my request to ask Mr. Hill some questions.

The Chairman. I will have Mr. Hill and Mr. Elliott, they will both be up in just a minute.

Mr. Maletz. Turning to another matter are you acquainted with the firm of Christiani and Nielson?

The Chairman. I am.

Mr. Maletz. Are they a client of Strobel and Salzman.

The Chairman. They have been.

Mr. Maletz. Have you done very much work with them?

The Chairman. Not very much, one contract.

Mr. Maletz. Do you recall in the latter part of 1954 Christiani and Nielson was endeavoring to secure a contract from the State Department to draft the engineering plans and specifications for a new U. S. Embassy Building at Asuncion, Paraguay, do you recall that?

Mr. Strobel. That is correct.

Mr. Maletz. Do you recall in the middle of October 1954

7 you had a telephone conversation with a Mr. William Hughes, the State Department Director of Foreign Building Operations and that you recommended Christiani and Nielson for Paraguay, for that job?

Mr. Strobel. I would like to answer that this way that Mr. Hughes called me on the phone and asked for information in regard to Christiani and Nielson and after the telephone conversation was over, why at the end of that he requested or it was agreed that I would send him a confirmation of the verbal recommendation I had given. He was also asking to give him whatever information I could about that firm.

Mr. Keating. He asked you about that firm?

Mr. Strobel. Yes.

Mr. Keating. In other words he spoke of the firm first. It wasn't something you brought up?

Mr. Strobel. That is correct.

Mr. Maletz. Did you inform Mr. Hughes that Christiani and Nielson was a client at any time of Strobel and Salzman?

Mr. Strobel. I believe I might have but I don't know. They had been clients of ours two years before I came down here.

Mr. Maletz. Did you subsequently inform Christiani and Nielson officially that you had communicated with

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
the State Department and recommended the firm

Mr. Strobel. I did. I think I did. After all, my name must have been given to Mr. Hughes by somebody and I think he did.

Mr. Maletz. I show you a document dated October 19, 1954 and ask you whether this is a true and accurate copy of a letter you received from Paul Larson of Christian & Nielson?

(Document examined by witness.)

Mr. Strobel. That is correct.

Mr. Maletz. Would you like to read the letter, Mr. Strobel?

Mr. Strobel. It is addressed to Hon. Peter A. Strobel, Commissioner of Public Buildings, General Services Administration.

"Dear Strobel:

"Thank you for your telephone call last Friday evening concerning our negotiations with the State Department relative to the proposed new U. S. Embassy building at Asuncion, Paraguay.

"I will of course gladly furnish you any information you want about my firm but I think it carries more weight if you receive the necessary data from our banking connections. As per our telephone conversation today, I have requested the Grace National Bank and the Bank of London

59 & South America to furnish you the necessary data directly in a similar way to which such data would appear in a Dun & Bradstreet report.

"I have been invited to a meeting in the State Department on Tuesday, October 22, and I hope to have an opportunity to see you while in Washington. I shall telephone you as soon as I know my schedule and, as agreed, I shall call on Mr. Swartz some time this week and report to you when I see you in Washington.

With kind regards,

"Yours sincerely,

Paul Larsen."

Mr. Maletz. I offer that document in evidence, Mr. Chairman.

The Chairman. It shall be received in evidence.

(The document referred to is as follows:)

Mr. Maletz. Subsequently did you write to Mr. Hughes of the State Department a personal letter providing information about Christiani and Nielson?

Mr. Strobel. I believe I did.

Mr. Maletz. I show you a document dated October 27, 1954 and ask you if this is a true and accurate copy of a letter which you wrote to Mr. Hughes in this respect?

(Document examined by witness.)

Mr. Strobel. That is correct.

Mr. Maletz. That letter provided Mr. Hughes with information concerning the backgrounds of Christiani and Nielson?

Mr. Strobel. That is correct.

Mr. Maletz. Mr. Chairman, I offer that document.

The Chairman. Received in the record.

(The document referred to is as follows:)

Mr. Maletz. Can you tell us whether Christiani and Nielson eventually did obtain this contract from the State Department?

Mr. Strobel. I do not know.

Mr. Maletz. Do you know Mr. Strobel, how many firms the clients of Strobel and Salzman are presently being considered by the Public Buildings Service for architectural work?

Mr. Strobel. No, I don't think I could say that. I don't think any are being considered except what we have been talking about.

We will, however, shortly select architects for the State Department building and also for a new building for the U. S. - U. N. delegation in New York City.

Mr. Robb. Might I inquire whether you mean present clients or past clients or both?

Mr. Maletz. Present or past.

Mr. Robb. Present or past.

(Discussion off the record.)

Mr. Maletz. I will ask you this question. Is it not correct that Strobol and Salzman get a lot of repeat business?

Mr. Strobol. I would say that is correct.

Mr. Fine. Repeat business from clients of theirs.

Mr. Maletz. From clients of theirs.

Mr. Keating. In other words, if they do a good job the client comes back?

Mr. Strobol. That is right. That is the way to stay in business.

Mr. Keating. The fact that somebody may have been a client of Strobol and Salzman in the past is not considered a disqualification for his consideration as an architect in the future, or otherwise it would bar a great many of the leading architects in the country.

The Chairman. The gentleman from New York has made his expression in that regard. I would say that there is a considerable degree of delicateness and untowardness in cases of that sort where Mr. Strobol, heading this Agency, has a wide choice. If he selects clients of his office that have been clients in the past, or selects those who may be clients in the future, there is, to say the least, a delicacy of situation there, and it may result in untoward conduct. And I think it is a matter for the consideration of the nation, not only the membership of this committee, and we must address ourselves to it.

Mr. Strobol. Mr. Chairman, I would like to say that at

the present time I have not let any contract to any firm that has been, let us say, true clients of Strobel and Salzman. And I do not exclude Robert and Company because they are not true clients of ours, they were sub-contractors of Strobel and Salzman.

But I would also like to say, in response to Congressman Keating's remarks, that I have considered that very delicate proposition, due to the fact that our clientele included so many qualified firms it stands to reason that they should not be disqualified because they happen to have done business with Strobel and Salzman.

The Chairman. Why wouldn't you under those circumstances disqualify yourself?

Mr. Strobel. That is what I am coming to.

Mr. Keating. That is exactly the point. If the gentleman disqualifies himself it doesn't seem that these firms ought to be thrown out.

Mr. Strobel. Yes, but I disqualified the firms. I am perfectly willing to, and have the intention of, disqualifying myself at the time we get to the stage of any actual negotiation where an old or present client of Strobel and Salzman is up for consideration.

Mr. Maletz. Mr. Strobel, is it not true in so far as your old clients are concerned, that is, any clients for whom you have done any work prior to July 1, 1954, Strobel and Salzman

will attempt to obtain any business from them even though they have contracts with GSA, Public Buildings Service, or any other Government agency.

Mr. Robb. Could we have that question read back, Mr. Chairman? I am not sure that we understand it.

Mr. Maletz. Read the question.

(The question was read by the Reporter.)

Mr. Strobel. I think that question, the way it is worded, would imply that Strobel and Salzman would make an extra effort to get such business, which is not the case. The position I have taken is that I would consider it unfair if Strobel and Salzman could not continue to do business with old clients.

Mr. Maletz. Even though those old clients have undertaken to secure business from Public Buildings Service.

Mr. Strobel. Right.

Mr. Fine. I assume that is tied up to the answer you gave to Congressman Keating and Chairman Celler, that you disqualify yourself if those old customers of yours come in.

Mr. Strobel. That is correct.

Mr. Fine. But if they did obtain business from somebody else --

Mr. Strobel. It would not be for me.

Mr. Fine. That would not disqualify your firm from doing business with them?

Mr. Strobel. That is right.

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
Mr. Maletz. I have no further question, Mr. Chairman.

The Chairman. Mr. Hill, would you come forward, and Mr. Elliott, also?

TESTIMONY OF JOHN E. HILL, DIRECTOR OF COMPLIANCE
DIVISION, GENERAL SERVICES ADMINISTRATION - Resumed

Mr. Keating. I would like to ask you this, Mr. Hill. We were pursuing the question of how long you had been in the department, and you said since 1947, 1948.

Mr. Hill. Since 1948 I have been with GSA.

Mr. Keating. Now, how many times did you confer with counsel, Mr. Maletz?

Mr. Hill. Well, I saw Mr. Maletz probably eight or ten times, but it wasn't in the nature of a conference necessarily.

Mr. Keating. And were these documents that he is using here delivered by you here?

Mr. Hill. In a sense they passed through my hands. May I say that we were instructed by the Administrator's office to give the committee complete cooperation. When Mr. Maletz would request files we would send possibly to New York or to Mr. Strobel's office or some other place within the Agency and get them for Mr. Maletz.

Mr. Keating. And that was the instructions of your superiors?

Mr. Hill. That is right, sir.

The Chairman. Did Mr. Strobel also say that you should

cooperate with this committee?

Mr. Hill. As I understand it, yes, sir.

Mr. Strobel. Mr. Chairman, it would be outside of my province to direct that particular Division to cooperate. I have no jurisdiction over that office.

The Chairman. Didn't you turn over your personal files?

Mr. Hill. I opened my files completely.

Mr. Keating. Now, that is very refreshing, Mr. Hill. I conducted an investigation where we didn't have that kind of fine cooperation from the Executive Branch. That is very fine. But I want to pursue this just a little more. Did you have instructions from your own superior that you have given, your immediate superior, the head of the Compliance Section, with reference to this investigation?

Mr. Hill. May I say how this started, sir? After Mr. Strobel submitted his list of clients the Office of Compliance and Security immediately initiated an inquiry.

Our initial purpose was merely to find out whether Mr. Strobel's clients had received any contracts with GSA -- I don't know where we would have gone from there -- just about the same time the committee initiated its investigation. And then we were instructed --

Mr. Keating. How did you know the committee was initiating an investigation?

The Chairman. I would say that I communicated with Mr.

Mansure, that we wanted all information --

Mr. Keating. This is under oath. I would like his testimony rather than the Chairman's.

Mr. Hill I believe, if I recall --

The Chairman. It seems rather anomalous and strange that a member of the committee would voice objections to a department cooperating with a constituted committee of Congress.

Mr. Keating. I wanted to see these --

The Chairman. It seems to me your question was impugning the motives of those who gave us these documents.

Mr. Keating. I wouldn't impugning the motives.

The Chairman. I want to afford this gentleman every protection. We asked for the documents and we got the documents. If we shouldn't have the documents, that is another story. But we are entitled to the documents, and we have gotten the documents. And as a result of Mr. Mansure, and I will say, very frankly, of Mr. Strobel, who cooperated to the nth degree with this committee, we got the documents.

And so I want to offer him every conceivable praise for this.

Mr. Elliott, will you raise your right hand, please. Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. Elliott. Yes, sir. I wonder if I could be helpful --

TESTIMONY OF MAXWELL H. ELLIOTT, GENERAL COUNSEL,
GENERAL SERVICES ADMINISTRATION

The Chairman. What is your name?

Mr. Elliott. Maxwell H. Elliott, General Counsel for the General Services Administration.

I wonder if it would be helpful to the committee if I could explain our general policy with reference to making information available to Congressional committees. It is our policy, and we conceive this to be the policy prevailing under the Executive Orders, that we should make information readily available to an equal coordinate branch of the Government, to wit, the Congress and as when requested, subject, of course, to classification with respect to disclosure when they are classified for security reasons and subject to the relatively rare circumstance where in the opinion of the Executive Branch disclosure to a committee would prejudice the public interest.

A question of that kind, if it ever comes up, we do not decide ourselves, we go to the Attorney General, and he perhaps goes to the President. I wanted to clarify that, because our position with respect to furnishing information to this committee in this case is no different than it is in furnishing information to any other committee in any other cases.

Mr. Fine. I thought that Mr. Keating trying to find out just how the files were opened, whether or not there was a carte blanche investigation first made by Mr. Maletz. and Mr. Maletz

picked out the documents, and then Mr. Hill delivered them in accordance with instructions.

Mr. Maxwell. I see, sir. I wasn't trying to divert the particular facts, but I think it would be helpful if we explained our general policy.

Mr. Keating. Is that correct, is that the way it was done?

Mr. Elliott. How is that, sir?

Mr. Keating. The way Mr. Pine has indicated.

Mr. Elliott. Mr. Keating, I can't testify as to the details of how it was handled.

Mr. Keating. Mr. Hill, can you testify as to that?

Mr. Hill. Yes, sir.

Mr. Maletz would request a certain file, and I would send for the file and make it available to him. Frequently I would not have reviewed the file at all.

Mr. Keating. And you would turn over the whole file?

Mr. Hill. Turn over the complete file to Mr. Maletz, knowing that it was not a security file or classified file. And Mr. Maletz would indicate the particular document, a copy of which he desired.

Mr. Keating. Has that always been the practice in your department?

Mr. Hill. I can't answer that. It always has been the practice, but I am sure it has always been the policy.

Mr. Keating. The policy of making those matters all open

to let counsel for a Congressional committee come in and examine the file and pick out anything he wants to?

Mr. Hill. I don't recall any instances to the contrary, sir.

Mr. Keating. I don't know anything about General Services. As I say, when I was Chairman of the committee making such an investigation we were not allowed to see any files, and were required to pinpoint exactly what documents we wanted, and then they would be examined and usually delivered to us.

It is very refreshing to find that at the present Congressional committees are allowed to go down and look at the files and pick out anything they want.

The Chairman. I wondered whether or not we could get the same cooperation as we got from the General Services Administration from the Department of Commerce. We have been endeavoring for months to get certain documents and records from Mr. Weeks' Department, and we have an Iron Curtain drawn against us, and we can't get a thing there. And that has stymied the work of this committee. I didn't hear the gentleman from New York bemoaning the fact that we were treated that way, even discourteously, by the Secretary of Commerce. He refused to give us any conceivable information.

Mr. Keating. The gentleman was trying at one time to get some documents -- I don't know the full story -- some documents of a private agency that happened to be physically located down

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
in the office of the Secretary of Commerce. And the Secretary felt that he couldn't very well disclose that any more than the gentleman would want to disclose the files of his own clients.

The Chairman. I am very happy to note that the gentleman from New York considers the Business Advisory Council a private agency. I understood that the Secretary of Commerce has barred our access to the files of the Business Advisory Council on the ground that it is part of the Department of Commerce and a public agency.

Now, I am very happy to know that the gentleman from New York considers it a private agency. If it is a private agency we shouldn't be denied the privilege of seeing the files.

Mr. Keating. If you go about it the right way you might be able to see them.

The Chairman. I wish you would tell us what to do.

Mr. Keating. You have got a bunch of counsel here that are able and energetic.

The Chairman. We have a very astute and wise member from New York, maybe he can give us the benefit of his advice and counsel and tell us how we can get these documents that are impervious to our subpoena. We issued a subpoena to the Director of the Business Advisory Council, and apparently, in common parlance, the Secretary of Commerce, actually thumbed his nose at us.

Mr. Keating. If the subpoena is properly directed it is a

matter of course.

The Chairman. Any further questions of Mr. Hill or Mr. Elliott?

Mr. Fine. You were the liaison between the committee and the department, isn't that so?

Mr. Hill. Yes, in this particular case I was.

Mr. Fine. Everything was cleared through you?

Mr. Hill. Yes.

Mr. Maletz. I will offer in evidence a letter dated August 30, 1955, which has previously been identified as being from Mr. Strobel to Mr. Mansure, to which there is attached a list of clients and the names of firms with whom Strobel and Salzman negotiated for engineering.

Mr. Strobel. It is my impression that that has been offered before.

Mr. Maletz. I don't believe so. Would you like to examine it?

Mr. Strobel. That is the document.

(The document referred to is as follows:)

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
The Chairman. The Committee will now adjourn until Monday morning.

I don't think that it will be necessary for you to continue on the witness stand, Mr. Strobel.

As I indicated, Mr. Robb, you will have opportunity for rebuttal.

We will now adjourn until Monday at 10:00 o'clock.

(Whereupon, at 4:25 o'clock p.m., the subcommittee adjourned, to reconvene at 10:00 o'clock a.m., Monday, October 31, 1955.)

- - -

Official Verbatim Transcript

Of Hearings Before Special Subcommittee

of the Judiciary Committee of the

House of Representatives in Connection

With Its Study of The Anti-Trust Laws.

Monday, October 31, 1955

Morning Session



Published by

THE BUREAU OF NATIONAL AFFAIRS, INC.
1231 24th Street, N. W. Washington (7), D. C.

C O N T E N T S

TESTIMONY OF

PAGE

John E. Hill, -- (resumed)
Director of Compliance Division,
General Services Administration

416

Sol Schwarz, -- (resumed)
accompanied by:
Peter Strobel
and
Roger Robb,
counsel

421

Edmund F. Mansure,
Administrator, General Services Administration;
accompanied by:
Maxwell H. Elliott,
General Counsel, General Services Administration

502

WOCs AND GOVERNMENT ADVISORY GROUPS

- - -

Monday, October 31, 1955

**House of Representatives,
Antitrust Subcommittee of the
Committee on the Judiciary,
Washington, D. C.**

The subcommittee met, pursuant to recess, at 10:00 o'clock a.m., in Room 346, Old House Office Building, Honorable Emanuel Celler (Chairman of the full committee) presiding.

Present: Representatives Celler (chairman), Rodino, Fine, and Keating.

Also present: Herbert H. Maletz, Chief Counsel, Kenneth F. Harkins, Co-Counsel of the Subcommittee, and Thomas H. McGrail, Assistant Counsel.

- - -

The Chairman. The committee will come to order.

Mr. Fine. Mr. Chairman, before we begin, I have a statement I would like to make.

The Chairman. Yes, sir.

Mr. Fine. I want to comment upon the way the investigation of Mr. Strobels has proceeded. Both during the preliminary investigation and during the course of the hearings, this matter has been conducted in a manner that reflects the desire by all parties to have an objective analysis after full disclosure of

all relevant materials.

Mr. Strobel and the various Government agencies have given the utmost cooperation to this subcommittee in its efforts to ascertain necessary facts. Mr. Strobel has responded fully and frankly to all questions directed to him.

Committee counsel's questioning has been designed to elicit all the facts. Counsel is to be commended for this.

In keeping with the Chairman's statement when we started the hearing on Mr. Strobel, the Chair has conducted this hearing in a fair and fully objective manner. This objectivity is underscored by the request of the Chairman and the counsel for Mr. Strobel that he present witnesses to rebut any testimony which has been received and to assure that all matters that Mr. Strobel thinks are relevant are presented for the subcommittee's deliberations.

I want to take this opportunity to commend the Chairman for his attitude, and it is refreshing to participate in an investigation conducted in such a fair and comprehensive manner.

The Chairman. The Chair wishes to thank the gentleman from New York for those very kind words about himself.

Mr. Maletz?

Mr. Maletz. Mr. Chairman, at page 363 of the transcript, I offered in evidence a document entitled, "List of the outstanding architects who submitted questionnaire information requested by letter of July 20, 1955." At the bottom of this document

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
there is a handwritten notation, "Sent by FBI to CIA as suggested firms."

I move, Mr. Chairman, that this document be accepted in evidence at page 363 of the record.

The Chairman. That will be done.

(The document referred to was received in evidence at page 363 of the transcript.)

The Chairman. Mr. John E. Hill, of the General Services Administration.

TESTIMONY OF JOHN E. HILL, -- (resumed)

DIRECTOR OF COMPLIANCE DIVISION,

GENERAL SERVICES ADMINISTRATION

Mr. Maletz. Mr. Hill, I believe you have already been sworn.

Mr. Hill. Yes, sir.

Mr. Maletz. You are the Executive Director of the Office of Compliance of GSA; is that correct?

Mr. Hill. I am Director of the Compliance Division.

Mr. Maletz. I see.

Now, Mr. Hill, you testified on Friday about a document entitled, "List of outstanding architects who submitted questionnaire information requested by letter of July 20, 1955;" is that correct?

Mr. Hill. Yes, sir.

Mr. Maletz. I show you a document so entitled which has

been received in evidence at page 363 of the transcript and ask you whether that is a list concerning which you testified.

Mr. Hill. Yes, sir.

Mr. Maletz. Now, this list was sent to CIA by the Office of the Commissioner of Public Buildings, was it not?

Mr. Hill. That is right, sir.

Mr. Maletz. Can you tell us when this list was submitted to the CIA by the Office of the Commissioner of Public Buildings?

Mr. Hill. Within one week after August 3rd, when it was prepared.

Mr. Maletz. It was prepared on August 3rd?

Mr. Hill. That is right, sir.

Mr. Maletz. I see.

Mr. Fine. He said it was sent within a week after that.

Mr. Hill. I beg your pardon, sir?

Mr. Fine. And you said it was sent within a week after that?

Mr. Hill. Within one week after that, I am informed --

Mr. Maletz. Was the preparation of that list completed on August 3rd?

Mr. Hill. Yes, sir.

Mr. Maletz. Now, Mr. Hill, do you know whether the New York architectural firm of Ferronzi and Taylor has asked to be considered for an architectural contract under the Public Buildings lease-purchase program?

Mr. Hill. Sir, if I can put it this way, on July 20, a form letter was sent out to a large number of architects and architectural firms asking those firms and architects if they would be interested in awards for architectural services. On July 30, the firm of Ferrenz --

Mr. Maletz. Is that 1955?

Mr. Hill. I beg your pardon?

Mr. Maletz. Is that 1955?

Mr. Hill. July 30, 1955.

The firm of Ferrenz and Taylor submitted a brochure and indicated that they were interested in receiving such awards.

Mr. Maletz. Are they presently being considered by the Public Buildings Service?

Mr. Hill. Not actively. They are on record as a firm that will be and would be considered if the occasion arises.

Mr. Fine. Excuse me. How do you know all this? Is this within your own duties?

Mr. Hill. I conferred with the members of the rating board established by Mr. Strobel. The members are Mr. Otis Poss, Mr. Leonard Hunter, and Mr. Howard Dominick. And I received my advice from them.

Mr. Fine. What was the occasion of your making the inquiry?

Mr. Hill. After this question arose about the validity of this document.

Mr. Fine. Oh, you mean since the last hearing?

Mr. Hill. Yes, sir.

Mr. Fine. You made the inquiry since Friday?

Mr. Hill. That is right, sir.

Mr. Fine. I see.

Mr. Maletz. Is it not correct, Mr. Hill, that I communicated with you by telephone and asked GSA to check that information for the committee?

Mr. Hill. Yes, sir.

Mr. Maletz. And you checked in accordance with the committee's request?

Mr. Hill. That is right, sir.

Mr. Maletz. Thank you, sir.

Mr. Keating. Your contact with this committee has been with the counsel, Mr. Maletz?

Mr. Hill. Yes, sir.

Mr. Keating. And you have had how many conversations with him on it?

Mr. Hill. I suppose I may have had a dozen, all together.

Mr. Keating. When did they start?

Mr. Hill. The early part of September, after Mr. Maletz had been in communication with our office of General Counsel, and General Counsel was advised that the Compliance Office had already initiated an inquiry, Mr. Maletz then got in touch with our office, that is, the Compliance Office. That was early in September.

Mr. Keating. When was that?

Mr. Hill. We initiated our inquiry at the request of the Administrator, Mr. Mansure.

Mr. Keating. When was that?

Mr. Hill. Just about the first of September, I believe. It was immediately after Mr. Strobel had submitted his list of clients, which I believe was on August 30th.

The Chairman. The Chair wishes to state that the activities of Mr. Maletz have been continually under my direction and supervision, with my complete knowledge.

Are there any other questions?

Mr. Maletz. No, Mr. Chairman.

The Chairman. That is all, Mr. Hill.

The Chairman. Mr. Sol Schwarz, of Strobel and Salzman.

Mr. Strobel, will you come to the table, too, please?

There may be some questions of you.

TESTIMONY OF SOL SCHWARZ,-- (resumed)

ACCOMPANIED BY PETER STROBEL, AND

ROGER ROBB, COUNSEL

Mr. Maletz. Mr. Schwarz, I believe you have already been sworn; is that right?

Mr. Schwarz. That is correct.

Mr. Maletz. You are with the firm of Strobel and Salzman; is that correct?

Mr. Schwarz. That is correct.

Mr. Maletz. Is it true that you are the business manager for Strobel and Salzman?

Mr. Schwarz. That is so.

Mr. Maletz. And how long have you had that position?

Mr. Schwarz. How long?

Mr. Maletz. Yes.

Mr. Schwarz. I would say since 1948, approximately 1948.

Mr. Maletz. And what are your duties with Strobel and Salzman?

Mr. Schwarz. My duties with Strobel and Salzman are that --

Mr. Fine. Will you keep your voice up?

Mr. Schwarz. I beg your pardon?

Mr. Fine. Keep your voice up.

Mr. Schwarz. Yes, sir.

My duties with Strobel and Salzman are that of seeing that the general office end of the work is properly performed, and to consult with the various people in the office to see that we produce the work as it is supposed to be done from a time standpoint, and to determine whether we have a sufficient amount of work or not in production.

Mr. Maletz. Mr. Schwarz, there has been introduced in evidence a letter dated August 30, 1955, from Mr. Strobel to Mr. Mansure. To this letter there is attached a list of clients of Strobel and Salzman, together with another list setting forth the names of firms with whom Strobel and Salzman have negotiated for engineering work.

I show you this letter with attachments and ask you whether you prepared the attached lists.

Mr. Fine. Is that in evidence already?

Mr. Maletz. Yes.

Mr. Fine. May I have the number?

Mr. Maletz. We have not numbered them, sir.

Mr. Schwarz. Yes, this is a copy of the list which I prepared for transmission with this letter.

Mr. Maletz. Did you prepare the list?

Mr. Schwarz. Yes, I prepared the list.

The Chairman. Mr. Schwarz, if these photographers annoy you, I will dismiss them. Is it all right for them to take

pictures?

Mr. Schwarz. If I don't have to read anything, it is all right. But now I won't be able to see anything for at least ten minutes.

The Chairman. That is enough, boys.

Mr. Maletz. Now, Mr. Schwarz, I show you a document entitled, "List of outstanding architects who submitted questionnaire information requested by letter of July 20, 1955, sent by PES to CIA as suggested firms." This document has been received in evidence at page 363. I just show you the list.

Mr. Schwarz. Yes.

Mr. Maletz. Now, were you in the room on Friday when Mr. Strobel testified that he participated in getting up this list?

Mr. Schwarz. I was in the room on Friday.

Mr. Maletz. Did you hear that testimony?

Mr. Schwarz. I don't remember specifically that he said he prepared it.

Mr. Maletz. We shall read the testimony, page 362:

"Mr. Strobel. We made up a list. Whether it was sent to CIA, I don't know, but it was discussed with them.

"The Chairman. You participated in making up that list?

"Mr. Strobel. That is right."

Now, Eggert and Higgins is one of the firms included in that list; is that right?

Mr. Schwarz. That is correct.

Mr. Maletz (spelling) E-g-g-e-r-s and H-i-g-g-i-n-s?

Mr. Schwarz. That is right.

Mr. Maletz. Is it a fact that on March 11, 1953, Strobel and Salzman secured a contract from Eggers and Higgins to do engineering work in connection with the Mercy Hospital for a fee of one-half of one per cent of the construction cost?

Mr. Robb. 1953, you said, Mr. Maletz?

Mr. Maletz. Yes.

Mr. Schwarz. Yes, that is correct.

Mr. Maletz. And what was the approximate dollar fee that Strobel and Salzman secured from Eggers and Higgins for this job?

Mr. Schwarz. That amount has not yet been established.

Mr. Maletz. About what will it be?

Mr. Schwarz. It would be about \$8,000.

Mr. Maletz. Is it a fact that on April 6, 1955, Strobel and Salzman secured a contract from Eggers and Higgins to do the engineering work in connection with the Huntington Hospital for a fee of 65/100's of 1 per cent of construction cost?

Mr. Schwarz. That is correct.

Mr. Maletz. And what would you estimate the dollar fee that Strobel and Salzman will obtain from Eggers and Higgins on this job?

Mr. Schwarz. About \$9,000.

Mr. Maletz. Is it also not a fact that on September 12, 1955 Strobel and Salzman secured a contract from Eggers and Higgins to do engineering work on the Staten Island Hospital, the fee to be 5/8's of 1 per cent of the construction cost?

Mr. Schwarz. That is correct.

Mr. Maletz. And what do you estimate that dollar fee would be?

Mr. Schwarz. That would be in the neighborhood of \$8,000.

Mr. Maletz. Now, another architect on the list of outstanding architects submitted by PBS to CIA is Kelly and Gruzen; is that right?

Mr. Schwarz. That is correct.

Mr. Maletz. Is it correct that on July 28, 1954, Strobel and Salzman secured a contract from Kelly and Gruzen on which a fee has not yet been fixed?

Mr. Schwarz. I have got to find it on the list.

The Chairman. 1954.

Mr. Schwarz. What was that date?

The Chairman. 1954.

Mr. Schwarz. August 11th, you say?

Mr. Maletz. July 28, 1954.

Mr. Schwarz. July 28, 1954; the item referred to, we made no charge for that work because we never did it.

Mr. Maletz. I see. Is it a fact that on July 9, 1954, Strobel and Salzman secured another contract from Kelly and Gruzen calling for a fee of \$6,200?

Mr. Schwarz. At this moment, I don't see it on the list. It must be here, however.

That is July 9, 1954?

Mr. Maletz. Yes.

Mr. Schwarz. That is correct. We had a contract for an amount of \$6,200.

Mr. Maletz. Is it a fact that on August 11, 1954, Strobel and Salzman secured another contract from Kelly and Gruzen calling for a fee of \$4,100?

Mr. Schwarz. That is correct.

Mr. Maletz. Is it a fact that on November 19, either 1952 or 1954 -- I am not sure which -- Strobel and Salzman secured a contract from Kelly and Gruzen calling for a fee of \$22,500?

Mr. Schwarz. That is correct.

Mr. Maletz. What year would that be, Mr. Schwarz?

Mr. Maletz. 1952. Now, another firm on the list of "out-standing architects" submitted to CIA by Public Buildings Service is Urbahn, Brayton and Burrows; is that right? That is the list which I have shown you which --

Mr. Schwarz. I don't see them on the list.

Mr. Maletz. Do you see them on the list?

Mr. Schwarz. Yes.

Mr. Maletz. They are on the list.

Mr. Schwarz. That is correct.

Mr. Maletz. Is it a fact that Strobel and Salzman secured a contract from Urbahn, Brayton and Burrows for engineering services on Public School No. 15, PS No. 15?

Mr. Robb. Mr. Chairman, might I inquire if all of these are on the list of contracts given to counsel by Mr. Schwarz? If so, if you give Mr. Schwarz the page that they appear on, it might speed things up a little bit.

Mr. Maletz. Off the record -- it does not make any difference whether it is off or on the record -- Mr. Schwarz prepared a list of clients.

Mr. Robb. Yes.

Mr. Fine. He wants you to give the page number.

Mr. Maletz. There are no page numbers on the list which Mr. Schwarz gave to me.

Mr. Robb. I see. But I assume these are all on that list. We are just trying to help you out and speed things up.

Mr. Maletz. Yes, I am sure.

Mr. Schwarz. That one is on the list.

Mr. Maletz. That one is on the list?

Mr. Schwarz. Yes, sir.

Mr. Maletz. And what was the date of that contract?

Mr. Schwarz. The date has not been put in here. I don't know at the moment what this date is. But it must be in early 1953.

Mr. Maletz. 1953. And the fee for that job was \$9,000; is that correct?

Mr. Schwarz. That is correct.

Mr. Maletz. Is it a fact that on July 21, 1954, Strobel and Salzman secured another contract from this concern, Urbahn, Brayton and Burrows, calling for a fee of \$4,000?

Mr. Schwarz. That is correct.

Mr. Maletz. Is it a fact that on March 10, 1954, Strobel and Salzman secured a contract from Urbahn, Brayton and Burrows calling for a fee of \$750?

Mr. Schwarz. That is correct.

Mr. Maletz. Now, would you say, Mr. Schwarz, that Eggers and Higgins, Kelly and Gruzen, and Urbahn, Brayton and Burrows are active and regular clients of Strobel and Salzman?

Mr. Schwarz. Yes, I would.

Mr. Maletz. Now, another firm in the list of outstanding architects submitted by PBS to CIA as suggest firms is DeYoung

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
Moscowitz and Rosenberg; is that right?

Mr. Schwarz. That is correct.

Mr. Maletz. Now, that list, Mr. Hill testified, was prepared on August 3, 1955. Is it not correct that on August 3, 1955, Strobel and Salzman had a \$30,000 contract with DeYoung and Moscowitz?

Mr. Schwarz. It depends on what is considered a contract. I personally made a verbal commitment to these people for that job. If that is a contract, then the answer is yes.

Mr. Maletz. That contract, or verbal, was cancelled out on August 4th; is that not correct?

Mr. Schwarz. That is correct.

Mr. Maletz. Now, on this list of architects submitted by PBS to CIA is Shreve, Lamb and Harmon; is that right?

Mr. Schwarz. That is correct.

Mr. Maletz. Now, Shreve, Lamb and Harmon is listed on the material which you prepared as a client of Strobel and Salzman is that right?

Mr. Schwarz. That is correct.

Mr. Maletz. Now, when did Strobel and Salzman do work for Shreve, Lamb and Harmon?

Mr. Schwarz. I beg your pardon, I did not hear the first part of that.

Mr. Maletz. When did Strobel and Salzman do work for Shreve, Lamb and Harmon?

Mr. Schwarz. When?

Mr. Maletz. Yes.

Mr. Schwarz. I would say they did work for Shreve, Lamb and Harmon in the years 1945 to 1953.

Mr. Maletz. Are they a regular client of Strobel and Salzman?

Mr. Schwarz. They were a regular client of Strobel and Salzman.

Mr. Maletz. They are?

Mr. Fine. They were, he says.

Mr. Maletz. They were.

Mr. Schwarz. They were.

Mr. Maletz. Are they now?

Mr. Schwarz. No.

Mr. Maletz. Now, Harrison and Abramovitz is also on this list of outstanding architects submitted by PBS to CIA; is that correct?

Mr. Schwarz. That is correct.

Mr. Maletz. Did Strobel and Salzman do any work for Harrison and Abramovitz?

Mr. Schwarz. That is a very difficult question to answer either yes or no.

The Chairman. Answer it in your own way.

Mr. Schwarz. We have a contract for a project on which Harrison and Abramovitz are the architects, but actually our contract is with Hogeman and Harris, who I believe are the

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
contractors for that particular project.

The Chairman. And the latter are the builders?

Mr. Schwarz. They are the builders; that is correct.

Mr. Maletz. When did you have a contract with Hegeman and Harris?

Mr. Schwarz. When?

Mr. Maletz. Yes.

Mr. Schwarz. On this particular project are you talking, or ordinarily?

Mr. Maletz. On this particular project.

Mr. Schwarz. On this particular project. I believe the contract was entered into some time in the middle of 1954. The exact date I have not with me.

Mr. Maletz. Did you not in the list which you prepared for Mr. Strobel and which Mr. Strobel send to Mansure, list Harrison and Abramovitz as a client --

Mr. Schwarz. We did.

Mr. Maletz. -- of Strobel and Salzman?

Mr. Schwarz. Yes, sir.

Mr. Keating. That is the firm that Allen Dulles wanted to have do this work on the CIA, where you got into an impasse and nothing ever happened?

Mr. Strobel. That is correct.

Mr. Schwarz. That is correct.

Mr. Keating. But that was also on the list that you had

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
submitted, that you, Mr. Strobel, had submitted to the CIA?

Mr. Strobel. That is correct.

Mr. Schwarz. I would like to make an explanation, however, of the way the name of Harrison and Abramovitz got on this list.

Mr. Maletz. Yes.

Mr. Schwarz. And that is that I thought as we did this particular job for Hegeman and Harris, and Harrison and Abramovitz were the architects, I included them on the list.

Mr. Fine. But actually, Strobel and Salzman did not select the Harrison firm --

Mr. Schwarz. No, sir.

Mr. Fine. -- as the architect?

Mr. Schwarz. That is correct. We did not.

Mr. Fine. They were on the job, selected by Eggers, the Eggers firm; is that correct?

Mr. Strobel. No. I might explain it this way. Strobel and Salzman were not selected as engineers by Harrison and Abramovitz. They were selected by the builder.

Mr. Keating. These firms that counsel has questioned you about are all New York City architectural firms; is that right?

Mr. Schwarz. That is right.

Mr. Keating. And how many New York architectural firms were on that list of clients which you did not submit to the CIA?

Mr. Schwarz. I haven't really counted the number on the list, but there are something like 100, as a guess.

Mr. Keating. Would there be several times --

Mr. Fine. He said a hundred were on the list.

Mr. Keating. You say there are 100 on the list?

Mr. Schwarz. Yes, that is what I would say.

Mr. Strobel. They are not all architects, however.

Mr. Schwarz. They are not all architects; no, they are not all architects.

I would have to count the list.

Mr. Strobel. May I answer Mr. Keating's question?

Mr. Keating. Yes.

Mr. Strobel. The answer would be that there are a great many more architects on the list submitted by me to Mr. Mansure than are included on this list presented to CIA.

Mr. Maletz. Now, Mr. Schwarz, of the list of 14 architects submitted by Public Buildings Service to CIA, six are or have been clients of Strobel and Salzman, according to the list which you prepared; is that right?

Mr. Schwarz. That is correct.

Mr. Maletz. Now, another architectural firm --

Mr. Fine. Mr. Chairman, excuse me.

I would like to clarify some phase of Mr. Keating's question.

These architects whose names appeared on the list submitted to Mr. Mansure which were not included on the list to the CIA number how many, approximately?

Mr. Strobel. I will have to make a count.

Mr. Maletz. May I just say, the list submitted to Mr. Mansure is the list attached to your letter of August 30, 1955, setting forth a list of all clients of Strobel and Salzman.

Mr. Fine. That is correct.

Mr. Strobel. There are 30 additional architects beyond the names included in the list to CIA.

Mr. Fine. I want to ask another question.

Mr. Maletz. I just want to clarify that, Mr. Fine, if I may.

Mr. Fine. Go ahead.

Mr. Maletz. You are referring to architectural firms in New York City which at one time or another have been clients of Strobel and Salzman; is that right?

Mr. Strobel. That is correct.

Mr. Maletz. Thirty?

Mr. Fine. An additional 30.

Mr. Maletz. The additional 30.

Mr. Strobel. I don't know if they are limited to New York City. I could not vouch for that.

Mr. Maletz. They are clients with whom Strobel and Salzman has done business at one time or another?

Mr. Schwarz. Right.

Mr. Maletz. But you did submit this list of 14 architectural firms to CIA?

Mr. Strobel. Right.

Mr. Stroh. Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

Mr. Maletz. I see.

Mr. Keating. And eight of those 14 architects were people for whom you have never done any business at all?

The Chairman. No; six of the people.

Mr. Fine. No. Eight, he did no business with.

The Chairman. No.

Mr. Maletz. No. We will come to that in a minute.

The Chairman. We have to be patient.

Mr. Keating. I am asking the witness. I do not know what the facts are. The Chairman seems to know all these facts, but the rest of the committee does not.

The Chairman. We asked it in the record. If you will read the transcript, you will see.

Mr. Maletz. Let me see if we can get this in perspective. You submitted to CIA a list of eight New York City architectural firms who you thought would be qualified to do the CIA job?

Mr. Strobel. I think the figure is six, and not eight.

Mr. Maletz. Six New York City architectural firms; is that correct?

Mr. Strobel. That is correct. I am going by this list.

Mr. Maletz. Eight New York City firms?

Mr. Strobel. No.

Mr. Maletz. Eight?

Mr. Strobel. Six.

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
The Chairman. He said six.

Mr. Maletz. Would you count that again, Mr. Strobel?

Mr. Strobel. That is correct. That list contains nine architectural firms from New York City.

Mr. Maletz. All right, let us put it this way. This list comprised 14 architectural firms; is that right?

Mr. Schwab. Yes.

Mr. Maletz. Five of those architectural firms are located in New York City; is that correct?

Mr. Strobel. Right.

Mr. Maletz. Six of those architectural firms are New York City --

Mr. Fine. Nine.

Mr. Maletz. Nine of the 14 are clients of Strobel and Salzman; is that correct?

Mr. Strobel. They are clients or have been clients of Strobel and Salzman.

Mr. Maletz. Yes.

Mr. Keating. Now, then, I get back to my original question. There are eight on that list -- and I wish the Chairman to attend to this, because this is the question I asked before -- there are eight on that list for whom Strobel and Salzman have never done any work at all? Or am I wrong? I do not know. It sounds that way to me.

Everybody shakes his head, and that makes me think I may be

wrong.

Mr. Strobel. The answer is eight, yes.

Mr. Fine. Now, the question I was going to put when you answered my question to the effect that 30 clients in addition to those six that your firm did business with in New York, those 30 clients were in addition, that you did not include on this list?

Mr. Strobel. That is correct.

Mr. Fine. The question I wanted to put to you was, did you earn substantial fees from those 30 additional clients whose names you did not put on the list?

Mr. Strobel. I think the answer would be yes.

Mr. Fine. I mean, fees commensurate with the fees earned by you from the six?

Mr. Strobel. Oh, yes.

Mr. Fine. \$8,000, \$6,000, \$9,000, \$10,000; is that correct?

Mr. Strobel. It might on occasion have been a lot more.

Mr. Keating. And these six firms whose names were on the list, were they all what you would call outstanding architectural firms of New York City?

Mr. Strobel. Definitely.

I would like to make a comment on the testimony that I made the other day. It appeared now -- it was repeated here -- as if I personally made up this list, and also appeared as I took a very active part in preparing that list.

That list was prepared by the staff, and I sat in on it

after it had been prepared.

Mr. Robb. Mr. Chairman, might it be made clear which list he is talking about? We have two lists here, one prepared by Mr. Schwarz --

Mr. Fine. He was referring now, as I understand it, to the list of 14.

Mr. Robb. That is right.

Mr. Strobel. Submitted to CIA.

Mr. Fine. Submitted to CIA?

Mr. Strobel. That is correct.

Mr. Fine. And he said then that at the previous hearing he did not participate actively in the selection of those 14.

The Chairman. Oh, no.

Were you in conference with the staff when those names were put on that list?

Mr. Strobel. As far as I recall, we started out with a considerably larger list that was then boiled down to this one here.

Now, whether that was done in collaboration with CIA, I can't remember. But we did discuss a bigger list.

The Chairman. This is clear, is it not, that you sent that list, you personally sent that list, and you know the names on the list when you sent it to the CIA?

Mr. Strobel. No, sir, I did not personally send that list.

The Chairman. Did you know the names were on the list when

it was sent?

Mr. Strobel. Yes, I did. I was familiar with the content of the list.

Mr. Keating. Who sent the list?

Mr. Strobel. As far as I recall, it was given by the supervising architect to the CIA people.

Mr. Keating. And the supervising architect, would you say, was primarily responsible for preparing the list?

Mr. Strobel. He had a great deal to do with it.

The Chairman. But did you not participate in the preparation of the list?

Mr. Strobel. As I said before, my recollection is that we had a greater list to start off with --

The Chairman. I understood that. But --

Mr. Strobel. And we eliminated a number of names.

The Chairman. But in the setting forth of the names, you did participate?

Mr. Strobel. As I said before, I was familiar with the names on this list.

The Chairman. But you have not responded to my question. You did participate in the preparation of the list, did you not?

Mr. Strobel. Well, that is a --

The Chairman. You testified to that.

Mr. Strobel. Yes, I would say that I knew about the preparation of the list.

The Chairman. No; not only knew, but did you participate in the preparation?

Mr. Strobel. Not the original list, no, sir.

The Chairman. Did you participate in the final list?

Mr. Strobel. The answer would be yes.

Mr. Maletz. Now, Mr. Schwarz, is it not a fact that another architectural firm on this list of 14, LaPierre, Litchfield and Partners, is a firm with which Strobel and Salzman negotiated to get work from?

Mr. Fine. Is that on this list?

The Chairman. This is in addition to the six.

Mr. Robb. Could we have that question read back? I am not sure I got the end of the question. "negotiated to get work from," is that it?

Mr. Maletz. Yes.

Mr. Robb. Thank you.

Mr. Schwarz. I would say the answer to that question is no.

Mr. Maletz. Would you refer to the list which Mr. Strobel sent to Mr. Mansure on August 30th and see whether you can find the name of LaPierre, Litchfield and Partners?

Mr. Schwarz. I see that name on the list.

Mr. Maletz. You do see the name on the list?

Mr. Schwarz. I do.

Mr. Maletz. That would indicate or signify to you that Strobel and Salzman have attempted to secure work from LaPierre,

Litchfield and Partners; is that not correct?

Mr. Schwarz. Not exactly, because the firm from which we solicited business is the firm of Alfred Hopkins Associates, which is stated in this list. We did not solicit any business from LaPierre and Litchfield, architects, as such.

Mr. Maletz. Is it correct that LaPierre-Litchfield just took over the work of Alfred Hopkins?

Mr. Schwarz. I do not know that to be a fact.

Mr. Maletz. Do you know the answer to that, Mr. Strobel?

Mr. Strobel. I think that is correct, yes. The office changed its name.

Mr. Maletz. Now, is it not a fact that the eighth firm on this list of 14 sent by CIA --

Mr. Fine. Sent to CIA.

Mr. Maletz. (continuing) -- sent to CIA by PBS is the architectural firm of Kahn and Jacobs?

Mr. Schwarz. It is marked No. 6 on this list, and that is Kahn and Jacobs.

Mr. Maletz. Is Kahn and Jacobs on the list of 14 sent to CIA by PBS?

Mr. Schwarz. Yes.

Mr. Maletz. Is it also not correct that Kahn and Jacobs is an architectural firm from whom Strobel and Salzman attempted to get business?

Mr. Schwarz. Yes.

Mr. Maletz. When did Strobel and Salzman attempt to get business from Kahn and Jacobs?

Mr. Schwarz. I would say --

Mr. Strobel. Could I answer that, Mr. Chairman, because I do not think Mr. Schwarz would know?

The Chairman. Yes, certainly. Go ahead.

Mr. Strobel. That most likely was in the late forties, '48 or '49.

Mr. Maletz. Is it not correct that around February, 1955, Strobel and Salzman was interested in getting an office building job from Kahn and Jacobs?

Mr. Strobel. I don't know. I can't answer that.

Mr. Maletz. Mr. Schwarz, will you refer to a document dated February 7, 1955, a document, I believe, purporting to be a report from you, "S.S.," and see if you can identify the document?

Mr. Schwarz. The date is what?

Mr. Maletz. February 7, 1955.

Mr. Schwarz. Yes, I have it.

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
Mr. Maletz. I show you a photostatic copy of this docu-

ment and ask you whether it is a copy of the report that you sent to Mr. Strobel.

Mr. Schwarz. Yes, that is a copy.

Mr. Maletz. Is that an accurate copy?

Mr. Schwarz. That is an accurate copy of the report.

Mr. Maletz. Would you read that report, Mr. Schwarz?

Mr. Schwarz. The way it reads here --

Mr. Maletz. Excuse me. This is a report that you sent to Mr. Strobel on February 7, 1955; is that right?

Mr. Schwarz. That is correct.

Mr. Maletz. Would you read it, sir?

Mr. Schwarz. It starts off: "Mon" -- abbreviation for Monday -- "Feb. 7, 1955:

"As per tel conversation with you today in Atlanta here are three round trip tickets which should see you through the month of Feb. Incidentally, Feb. 22nd is a holiday on a Tuesday. So I assume you will take off that Mon.

"We haven't heard a peep out of anyone and we are in a position where we could use a fair sized job right now. Bium heard from Lewis Peterson of F. L. Smith regarding a contemplated cement plant for U. S. Steel. This is the kind of job I would like to see and you, too, I presume. Maybe we may have more information on this by Saturday. In the meantime, it seems like all of our prospects are still waiting for their eggs to hatch

and everything will break at the same time. Carson and Lundin's job for Tishman was in the Sunday Times, but we haven't heard anything more about it.

"There was also a \$15 million office building by Kahn and Jacobs in the same paper as well as a twenty-story office building by Eggers and Higgins."

Then I go on to say:

"After we enjoyed a miserable, rainy, cold day Sunday, we had a fine, mild, sunny, cloudless day today. All of the snow has been washed away. F and H expect to get the go-ahead signal on their Lord and Taylor Garden City, L. I. job, on Wednesday. Hope you had a successful trip to Atlanta. See you Saturday."

Mr. Maletz. Mr. Chairman, I offer this document dated February 7, 1955, in evidence at this point.

The Chairman. Received.

(The document referred to is as follows:)

COMMITTEE INSERT

Mr. Maletz. Mr. Schwarz, did you or did anybody else in your firm try to get this \$15 million office building job from Kahn and Jacobs?

Mr. Schwarz. May I make an explanation before I answer that question?

Mr. Maletz. Yes, indeed.

Mr. Schwarz. Generally on Sundays I read the New York Times real estate section and I see many lucrative types of jobs in there, and in this particular case I did see them in the New York Times, and I reported them in a very offhanded way to Mr. Strobel.

Now, if you give me your question, I will be glad to answer it.

Mr. Maletz. Well, then, on the basis of your testimony, is it not true that of the list of fourteen architects submitted to CIA by the Office of the Commissioner of Public Buildings, six firms are or have been clients of Strobel and Salzman and two are firms with which Strobel and Salzman negotiated for business in the past?

Mr. Keating. Are you including this Kahn and Jacobs firm in that?

Mr. Maletz. Yes.

Mr. Keating. I thought this gentleman just got through saying that he read it in the New York Times and it made his mouth water. Instead of reading the food section, he reads the

real estate section, just to see what business is going on. I don't know whether it makes his mouth water or gives him indigestion -- all these big deals that are getting away from him.

I do not understand that he had done anything about this.

The Chairman. This was in late 1949.

Mr. Keating. Oh, in the forties?

The Chairman. Late 1949.

Go ahead, Mr. Maletz.

Mr. Maletz. Let me get this straight. Did you at any time, Mr. Strobel, negotiate for business with Kahn and Jacobs?

Mr. Strobel. I don't think I can say that I ever got that far. I made a personal call on an old acquaintance in that office, a Mr. Newman, that I had become acquainted with when I was a young man. I went down to see him and make him acquainted with the fact that I now had my own office, but there was no actual discussion on any specific project. And that is the only contact we have ever had with Kahn and Jacobs.

The Chairman. Did you not tell them that you had an engineering firm --

Mr. Strobel. I just told you; yes, sir. I just told you.

The Chairman. And you might get some business from them?

Mr. Strobel. And I presented my information in that respect. But there was no actual negotiation.

Mr. Keating. You mean on a specific job?

Mr. Strobel. On a specific job, at any one time, even that

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
day or since.

The Chairman. On that day, you had a discussion with him; you told him about your facilities and your engineering firm, and you said if anything could be developed whereby you could get some benefit, you would like to have it for your engineering firm; is that right?

Mr. Strobel. I never heard from him since.

Mr. Keating. And you probably did the same thing with a hundred or more others?

Mr. Strobel. I might have done that.

Mr. Robb. Mr. Chairman, is it clear in the record when this took place? I am not sure that it is.

The Chairman. He said in 1949, late 1949.

Mr. Robb. That is right.

Mr. Strobel. In the late forties.

Mr. Robb. And that was not after this newspaper story.

Mr. Maletz. I repeat the question, is it not true that of the list of fourteen architects submitted to CIA by the Office of the Commissioner of Public Buildings, six firms are or have been clients of Strobel and Salzman and two are firms with which Strobel and Salzman sought to get business in the past?

Mr. Strobel. That is correct.

Mr. Maletz. How many New York City architectural concerns are in this list of outstanding architects submitted to CIA?

Mr. Strobel. I don't understand your question.

Mr. Maletz. Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

(Question read.)

Mr. Strobel. This list here?

Mr. Maletz. Yes.

Mr. Strobel. There are nine; nine in New York City.

Mr. Maletz. Now, Mr. Schwarz, is it a fact that in August, 1955 -- and I am turning to another matter -- is it a fact that in August, 1955 Strobel and Salzman secured a contract from the architectural firm of Ferrenz and Taylor to do the structural design for Junior High School No. 45 in New York City for a fee of \$18,000?

Mr. Schwarz. I think the way to answer that question is not by a direct yes or no. We submitted a proposal to them for that project in June of 1955; June 29th, I believe the date was. And they accepted our proposal some time in August.

Mr. Maletz. In August of 1955?

Mr. Schwarz. They accepted our proposal some time in August, 1955.

Mr. Maletz. And was the fee \$18,000?

Mr. Schwarz. Depending on what work is done, the fee is \$18,000, more or less.

Mr. Maletz. Now, did Mr. Strobel have anything to do with getting that job?

Mr. Schwarz. Nothing whatsoever.

Mr. Maletz. To your knowledge, did Mr. Strobel ever see

Mr. Ferrenz, or Ferrenz and Taylor, concerning the possibility of getting that job?

Mr. Schwarz. He never did.

Mr. Maletz. Now, do you have a copy of the transcript of testimony, Mr. Schwarz?

Mr. Schwarz. No, I have not.

Mr. Robb. I have one.

Mr. Maletz. Would you refer to page 175 of the transcript? Would you read, Mr. Schwarz, beginning in the middle of the page --

The Chairman. Let counsel read it.

Mr. Maletz. I will read from the transcript:

"Mr. Maletz" -- addressing a question to Mr. Strobel --
"Is it not true that in August, 1955, you personally secured a contract from the architectural firm of Ferrenz and Taylor for Strobel and Salzman to draft the engineering plans for Junior High School No. 45 in New York City?"

"Mr. Strobel. I don't think it would be totally correct to say that I personally secured that contract. I did personally see Mr. Ferrenz, together with Mr. Schwarz, saw him once, and that is all.

"Mr. Maletz. About the possibility of getting that job?"

"Mr. Strobel. That is right. But I did not participate in the negotiations of the contract."

Now, is that a correct reading of the transcript?

Mr. Schwarz. That is a correct reading of the transcript,

yes.

Mr. Maletz. So therefore, is it not correct that Mr. Strobel testified that he saw Mr. Ferrenz, together with you, about the possibility of getting that job?

Mr. Schwarz. The transcript reads that way, but it is not true. It is not exactly the fact.

The Chairman. What are the facts?

Mr. Schwarz. The fact is that in November or December of 1954 I made an appointment with Mr. Ferrenz to see him and he suggested that I bring Mr. Strobel along with me, which I was able to arrange, and we spoke about a job for the New York City Housing Authority, a housing job. Actually, the meeting was not particularly for obtaining a job, but just to become acquainted with each other, with us, with our work.

We submitted our brochure, and that was all that transpired at that time.

Mr. Maletz. When was this, Mr. Schwarz?

Mr. Schwarz. This was either in November or December of 1954.

Mr. Maletz. And Mr. Strobel was then Commissioner of Public Buildings?

Mr. Schwarz. That is correct.

Mr. Maletz. And he was trying to get business from Ferrenz and Taylor?

Mr. Schwarz. No, he was not. He was trying to get business--

he along with me. We introduced ourselves to Mr. Ferrenz, and Mr. Ferrenz -- we thought that Mr. Ferrenz had a housing job, but he did not have a housing job. So we could not solicit any work at that time.

Mr. Maletz. Wasn't the purpose of the meeting to see whether you could get some business from Ferrenz and Taylor?

Mr. Schwarz. Yes, that was the purpose of the meeting.

Mr. Maletz. And Mr. Strobel was there with you?

Mr. Schwarz. That is correct.

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
Mr. Maletz. For that purpose?

Mr. Keating. After he talked to Mr. Ferrenz?

Mr. Schwarz. That is correct; after he talked to Mr. Ferrenz.

Mr. Maletz. And you gave Mr. Ferrenz a brochure; is that correct?

Mr. Schwarz. Yes.

Mr. Maletz. What did Mr. Strobel say at this meeting?

Mr. Schwarz. How can I explain that, now? I don't remember exactly what his words were at that meeting.

Mr. Maletz. Well, give us your best recollection of what transpired.

Mr. Schwarz. My best recollection is that first he spoke about the fact that he was not actively participating in the management of our firm and that if there was any work available, it would be negotiated by either Mr. Salzman or myself or both of us, and then when we were informed that there was no housing project which Ferrenz and Taylor had, the conversation drifted to other matters which did not deal with the obtaining of any kind of business.

The Chairman. Why did Mr. Strobel accompany you? What was the purpose of Mr. Strobel's presence?

Mr. Schwarz. Mr. Farrenz wanted to see him.

The Chairman. And during that interview, you discussed the possibilities of getting some business for Strobel and Salzman?

Mr. Schwarz. That is correct.

The Chairman. And did Mr. Strobel tell this man that he did not have any active participation in the firm of Strobel and Salzman?

Mr. Schwarz. Yes, he did.

The Chairman. Did he also tell him --

Mr. Schwarz. I believe he did.

The Chairman. Did he tell him that he did participate in the profits of Strobel and Salzman?

Mr. Schwarz. To the best of my knowledge, I don't believe that question came up in the conversation.

Mr. Maletz. Now, let me address this question to Mr. Strobel. Did you know that Ferrrenz and Taylor was interested in getting business from the Public Buildings Service?

Mr. Strobel. I would have to answer that by saying that I did not know that they were specifically interested, but being in the architectural business, I presume they, like any other firm, might be interested in work.

Mr. Maletz. And you have heard the testimony this morning, Mr. Strobel, that Ferrrenz and Taylor has actually agreed to be considered for selection by the Commissioner of Public Buildings for a Government contract?

Mr. Strobel. I couldn't testify exactly to those words, but they had been considered. I think I should explain -- I tried to explain the other day -- that when it came to selecting

architects for the very large, important projects that can be classified as being national in character, we were interested in establishing an up to date file, giving information concerning the top firms in the country, and I think we established such a file by sending out questionnaires to about 90.

Mr. Maletz: When you discussed this matter --

Mr. Keating. Let me ask a question there. Did you send those questionnaires out to all cities or to just the larger cities?

Mr. Strobel. Covering the entire country.

Mr. Keating. Now, I come from a city that has some pretty fine architects in it. Would you send those -- I do not want to be charged with any improprieties, either, Mr. Chairman -- would you send those to a city the size of Rochester, New York?

Mr. Strobel. I do not think that Rochester is represented on that list.

Mr. Keating. Well, I have got some names of some very fine architects, as fine as any in the country, and I want to send those down to you.

Mr. Strobel. I should say this --

Mr. Keating. Have you got some from Brooklyn?

Mr. Rodino. You might add Newark, New Jersey, too.

Mr. Keating. Newark is in there now.

Mr. Fine. I do not understand, Mr. Strobel. You said they are not on the list. You mean the list of 14?

Mr. Strobel. No --

Mr. Pine. Mr. Keating is --

Mr. Strobel. Referring to architects from Rochester, I do not believe there are any architects from Rochester in this file of 90 to 100 top-notch firms from the entire country.

Mr. Keating. What is a top-notch firm? Just because they are from New York City or from Brooklyn?

Mr. Strobel. No, sir. It would have to do with qualifications, the type of work they have done, the size of organization they have.

Mr. Keating. Suppose they built universities and big office buildings, many-million-dollar buildings, and have done a fine job, and the buildings have not fallen down, and they are in good shape; would they not qualify?

Mr. Strobel. Yes, they would qualify, and it is very difficult to avoid, let us say, probably not offending somebody who actually might be entitled to be on that list but do not get there. I would say this, that local architects, for instance from Rochester, would have a preferred status for consideration when it comes to a project in that vicinity.

Mr. Kappeler. Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

Mr. Stroble. However, when it comes to giving the large, outstanding firms that by the nature of the business collect in cities like Chicago, Boston, Los Angeles and New York, if we distributed or selected architects on the basis of local conditions only, we would not give the very best firms in the country an even chance with the local firms, because there would never be a sufficient number of Federal projects to give, let us say, the many architects, the many qualified architects, in New York City a fair participation on the basis of local distribution.

As I said the other day, when it comes to these large, important jobs, we try to deal from the top of the deck. That is why we established that rather large, up-to-date file, including close to 100 names.

Mr. Fine. The inference seems to be, Mr. Strobel, that you personally selected Ferrenz to send its brochure; is that correct?

Mr. Strobel. No, I don't think the answer would be --

Mr. Rodino. I don't believe that is the inference. I didn't draw such an inference.

Mr. Fine. What is the inference, that Ferrenz, having done business with the firm of Strobel and Salzman --

The Chairman. No. Mr. Schwarz, in company with Mr. Strobel, visited the Ferrenz firm, submitted a brochure to him, and attempted to get some business.

Mr. Fine. You didn't understand my statement. I said the inference here was that Mr. Strobel personally solicited Mr. Ferrenz to send him the brochure to the Public Buildings Service --

Mr. Strobel. That is not so.

Mr. Fine (continuing). -- to be listed, to list them among the hundred of outstanding architects in the country.

The Chairman. Who inferred that?

Mr. Fine. What would the purpose be of asking him about Ferrenz, if in fact that was not the inference?

The Chairman. I am going to state it as I understand it, that Mr. Schwarz, accompanied by Mr. Strobel, visited Ferrenz, and Mr. Schwarz submitted a brochure of Strobel and Salzman, and solicited business from the Ferrenz firm.

Mr. Fine. I know, but Mr. Hill took the stand this morning, and I couldn't quite get the connection, but I now have the connection.

The question put to Mr. Hill was, didn't Mr. Ferrenz, or the Ferrenz firm, request he included among the architects in the Public Service work. Now, isn't the inference then to be drawn that because Mr. Strobel, went in December, or whenever it was, in 1954, to see Mr. Ferrenz, that he personally solicited subsequently Mr. Ferrenz's application to be included as one of the outstanding architects?

And I want to know from Mr. Strobel, is that the inference, is it true that you asked Mr. Ferrenz to send in a brochure on

himself, so that he might be included among those 100 or 90 outstanding architects?

Mr. Strobel. That firm was included in the list of 100 that was solicited by OSA.

Mr. Fine. And prepared by whom?

Mr. Strobel. It was handled by the design and construction division.

Mr. Fine. And not by you personally?

Mr. Strobel. No. I will admit I did discuss the basic list with the members of the staff.

Mr. Maletz. Now, Mr. Strobel, after you and Mr. Schwarz solicited business from Ferrenz and Taylor, Strobel and Salzman did obtain a contract from Ferrenz and Taylor; isn't that correct?

Mr. Strobel. That is correct.

The Chairman. What was the amount?

Mr. Strobel. I don't know. I had absolutely nothing to do with negotiating that contract.

The Chairman. Was it about \$18,000?

Mr. Strobel. It could be; I can't answer it.

Mr. Maletz. Is that correct, Mr. Schwarz?

Mr. Schwarz. I believe it is, more or less like that, depending on what work we would do.

Mr. Maletz. Now, at this meeting, Mr. Strobel, that you had with Mr. Ferrenz, was there any discussion of Government business?

Mr. Strobel. To my recollection, none whatsoever.

Mr. Maletz. See if the facts that I will now state to you are correct as they occurred.

You and Mr. Schwarz visited Mr. Ferrenz in the latter part of 1954, to see whether Strobel and Salzman could get some business from Ferrenz and Taylor; is that correct?

Mr. Schwarz. Something went before that, however.

Mr. Maletz. Why don't you tell the whole story, Mr. Schwarz, as you understand it?

Mr. Schwarz. You are correct as far as you go, but there is something that went before that. I communicated with Mr. Ferrenz, because I got the list of housing jobs in the City of New York which were going to be let, and he made an appointment with me, but he said he would like to have Mr. Strobel along with me when I came to visit him.

From then on your statement is correct.

Mr. Maletz. I see.

Now, subsequently, then, Strobel and Salzman obtained from Ferrenz and Taylor a \$18,000 contract; is that correct?

Mr. Schwarz. That is correct.

Mr. Maletz. Prior to that time, is it not correct that Strobel and Salzman had never received any business from Ferrenz and Taylor?

Mr. Schwarz. That is correct.

Mr. Maletz. And is it not true that about 1948 Strobel and

Salzman had attempted to secure business from Ferrenz and Taylor?

Mr. Schwarz. The way to answer that question is that they, among others -- a letter was written to Ferrenz and Taylor, or to him, as well as other people, in the course of our business, soliciting work. And if that is considered soliciting work, then the answer is yes. But that is one of many.

Mr. Maletz. I see.

Now, Mr. Strobel, isn't it true that after Strobel and Salzman obtained this \$18,000 contract -- by the way, that was in 1955, was it not? What was the date of the contract -- I will put it this way -- with Ferrenz and Taylor?

Mr. Schwarz. We wrote our proposal on the 29th of June, and they, after getting clearance with the Board of Education of the City of New York, told us on some day in August, I haven't the exact date --

Mr. Maletz. August, 1955?

Mr. Schwarz. August, 1955. -- that we would be acceptable as the engineers for that project.

Mr. Maletz. Now, Mr. Strobel, isn't this correct, that Ferrenz and Taylor has formerly asked for Government business from Public Buildings Service?

Mr. Strobel. I would like to say that they have submitted their brochure and answered our questionnaire. And their name is, therefore, in our current file of the 90 to 100 architects.

The Chairman. They didn't submit the brochure and do that

just for the sake of doing it; they did it for the sake of getting business, didn't they?

Mr. Strobel. I would imagine that any architectural firm who is requested to submit such information would be more than happy to do so, with probably some expectation of getting some work.

I would like, Mr. Chairman, for the record to mention that since I have been Commissioner the firm of Ferrenz and Taylor is the only new client that Strobel and Salzman has obtained.

Mr. Maletz. Isn't Chapman and Delchanty a new firm, since you became Commissioner?

Mr. Strobel. That is correct; they are a new firm, though that negotiation was very active before that time. Even including that firm, I would say two new clients in the period of a year and a half is not enough.

Mr. Keating. Is that below par?

Mr. Stroble. It is a way below par.

Mr. Keating. In other words, how many new clients a year were they getting before you became actively identified with the Government?

Mr. Strobel. I can't answer that by numbers, but some of these clients are one-shot operations.

The Chairman. Mr. Strobel, do you think it was proper for you in any way to solicit business for your own firm of Strobel and Salzman, from a firm that was doing business with the Public

Service Administration?

Mr. Fine. I object to the question, Mr. Chairman. There is no such testimony.

The Chairman. Or has it solicited from the Public Building Services Administration? Do you think that is proper?

Mr. Strobel. I don't think I quite got the question.

The Chairman. Do you think it is proper for you as the Commissioner to solicit business from a firm that, in turn, seeks business from the Public Service Administration, where you are Commissioner in that agency?

Mr. Strobel. Well, as discussed the other day -- let me say this: There could come a time if either negotiations, either the one by Strobel and Salzman with an outside firm, or the second negotiation by that firm with GSA, if they became actualities and approached, let us say, conclusion of contracts, at such a time would it be proper for me to disqualify myself in either one of the two cases? But I do not feel that such a situation has been reached at this point.

The Chairman. In other words, you feel it is not improper?

Mr. Strobel. Not as it was done in this case, Mr. Chairman.

The Chairman. I didn't hear your answer.

Mr. Strobel. Not as it was done in the case of Ferrenz and Taylor.

The Chairman. It was not improper in that case?

Mr. Strobel. That is the way I feel, yes.

Mr. Fine. The other day, Mr. Strobel, in answer to Mr.

Keating's question as to whether or not, if you had new business, if you had been doing business with a firm and that firm had solicited specific business from the Government, from your agency where negotiations were being entered into, Mr. Keating asked you that question, what would you do? And I remember your answer was you would disqualify yourself.

Mr. Strobel. That is correct.

Mr. Fine. And you say now that this Ferrerz situation was not that kind of a situation?

Mr. Strobel. It had not reached that stage.

Mr. Keating. And so long as you disqualify yourself from any connection with it, I think it would be unfortunate if the result of these hearings was to be that all of these architects -- who I am told are the finest firms in the country -- whose names have been dragged into this hearing, were barred from any and all Government work hereafter.

The Chairman. No, that is not the question. The question is whether it is proper for Mr. Strobel to occupy the position he has in the light of all the circumstances, and the architect shouldn't be punished, by no means. It is a question whether the delicacy of the situation warranted Mr. Strobel in disqualifying himself or continuing his activity.

Mr. Keating. So long as he did not disqualify himself, it would be unfortunate if all of these fine architectural firms

are barred from all Government business because of these hearings.

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

The Chairman. I will ask the gentleman from Rochester this, if he wishes to answer: Does he think it is proper for the Commissioner of Public Buildings to solicit business from firms that might be doing business with him?

Mr. Keating. No. It is not perhaps illegal, but it is unethical -- it is unfortunate that a person is in that position, placed in a situation where he might have some conflict of interest, and he has to walk a very narrow line, just as members of Congress do. And it may very well be that there are members of Congress who have talked with people and had them at lunch, for the purpose of -- without, of course, soliciting it, which would be contrary to the canon of ethics -- but for the purpose of ingratiating themselves with some prospective clients. There are some members of Congress actively practicing law today while they are still members of Congress.

Now, you don't actively practice law unless you, by the most careful, in the most careful manner, make yourself so indispensable to prospective clients that they feel they can't do without you.

Now, those people may have people with the Government in some unrelated matter. And the question is, are we going to say to a member of the Executive Branch just exactly the same thing as we must say as members of Congress to our colleagues, "Now, you can't have anything to do with anybody in your -- you can't

examine a title for, let us say, the X Construction Company, and you can't get a fee for that, because the X Construction Company down in Texas has a Government job. And so you or your law firm can't get a hundred dollar fee for examining the title on a piece of their property up in New York State."

Mr. Fine. If the gentleman would yield --

Mr. Keating. Yes, I will yield.

Mr. Fine. The gentleman doesn't have to go down to Texas for a contract. Why couldn't it be that that very construction company has a bill before Congress on which a vote may be very important -- and the gentleman will remember the Roads Bill, which we voted on only last year, or the Gas Bill, where six votes made the difference.

Mr. Keating. That is right. It is difficult to know just where to draw the line.

The witness here in this case in question, at the request of a person that we call a prospective client, went with the man that is actively running his firm and talked with this man in general about business, I take it --

Mr. Fine. Will the gentleman further yield?

Mr. Keating. Yes.

Mr. Fine. Isn't the question here before us now whether Mr. Strobel ever dealt personally as the Commissioner with a former client of his, and gave him business? Isn't that the question we are trying to resolve?

Mr. Keating. Whether he misused his position -- it is more than that.

Mr. Fine. Isn't that the first question? And the answer to that is, Mr. Strobel said no, he did not, and further, if such a situation arose he would disqualify himself.

The Chairman. You forget the Petroff case.

Mr. Fine. I don't want to forget any case. I thought the Petroff case had been cleared by the fact that there had been an unusual situation, and I think we mentioned that several times.

The Chairman. I would say that the statement of the gentleman from New York, Mr. Keating, is a very applicable statement. But I wonder whether or not it is proper for Mr. Ferrenz, say, who was then seeking business with Mr. Strobel as Commissioner of Public Buildings, to have Mr. Strobel in turn seek business with Mr. Ferrenz.

Mr. Keating. Well, the point is that the evidence isn't just as simple as that.

The Chairman. And, in addition, Mr. Strobel got business from Mr. Ferrenz.

Mr. Fine. The difficulty, Mr. Chairman, with your statement is that you have included facts which are not in the record.

Mr. Keating. And excluded facts which are in the record.

The Chairman. I don't agree with the gentlemen. I think I state the position exactly as it is.

Mr. Fine. Just so we can finish this thought, Mr. Chairman,

I just want to get it clear in my own mind, is the Chairman suggesting that no engineering firm, no member of an engineering firm, could ever be Commissioner of Public Works of the GSA?

The Chairman. I make no such suggestion. I suggest that the conduct of Mr. Strobel in soliciting business with Mr. Ferrenz at the time Mr. Ferrenz was soliciting business from him, and subsequently got -- and subsequently he got business --

Mr. Keating. That isn't true; that isn't the evidence.

The Chairman. I say, the mutual solicitation that we have here, to my mind, was unethical, to say the least.

Mr. Keating. If you will strike out what we have here, I would go along with you, "mutual solicitation." You pat my back and I will pat yours; we have seen plenty of that in the Government in the past. And that would be improper and unethical, if he were soliciting business at the very time that Mr. Ferrenz's concern was soliciting Government business, and they were there and talking about the same thing, and saying "All right, I will give you my business, and you give me yours;" that would just be unethical.

The Chairman. Unfortunately, Mr. Strobel is placed in this position. But I think Mr. Strobel was rather careless in his conduct, to say the least. And I think he should have refrained from soliciting any business from this Ferrenz firm.

Mr. Rodino?

Mr. Rodino. Mr. Strobel, I think you made the statement --

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

Mr. Keating. While we are talking about this, I think the witness should be permitted to explain his answer.

The Chairman. He will be permitted.

Mr. Rodino. I want to ask whether Mr. Strobel, in answer to the question put to him a while ago with relation to the Ferrenz and Taylor inquiry, whether he did not say that he had some general knowledge that Ferrenz and Taylor was soliciting business from the Government.

Mr. Strobel. No, I didn't.

Mr. Rodino. Or you assumed --

Mr. Strobel. No, sir, I didn't.

Mr. Keating. What he said was that later he assumed that any big architectural firm would welcome doing business with the Government; that is my understanding of it.

Mr. Rodino. Would you state it so that that may be clarified, just what was the situation there at the time that there was solicitation of business of Ferrenz and Taylor, or did you then have any knowledge that Ferrenz and Taylor was soliciting business from the Government?

Mr. Strobel. I have no knowledge of them soliciting business from the Government at that time or up to date.

As far as I recall, they have never called on me or even anybody in my office soliciting business from GSA. However, they are on our list of 90 to 100 architects which we established an up to date file on.

Mr. Rodino. When was that list submitted, that list of some 90 to 100 architects.

Mr. Strobel. I think we started talking about that late in 1954. There has always been a certain list, but it was not up to date. Just when it was brought up to date I don't know.

Mr. Schwarz. I recall this year -- to have it on hand after -- no, let's see the time now -- we knew when Congress went home last year that we were going to have a few large, prominent projects here in Washington. And it was from that time on that we started working on establishing this up to date list.

Mr. Rodino. In other words, this list was established without Ferrenz and Taylor having actually sought from the Government at that time to be included in such a list.

Mr. Strobel. I think that is correct, yes, sir.

Mr. Keating. And you sent to them, as you did to many other big firms -- you said, "Here is a questionnaire, if you are interested in doing Government work fill this questionnaire out and return it to us".

Mr. Strobel. That is correct.

Mr. Keating. And as far as you know Ferrenz and Taylor to this very day have not actively solicited business while you

have been there?

Mr. Strobel. That is correct.

Mr. Fine. The basic question is, is the inclusion of the firm on the list the equivalent of soliciting business?

Mr. Strobel. No, sir.

Mr. Fine. Is it?

Mr. Strobel. I don't think so.

Mr. Fine. Well, I don't think so either.

Mr. Rodino. May I ask one further question, Mr. Strobel. Did Ferrenz and Taylor respond to the Government's request for information in order to be included on such a list prior to the time that the solicitation came from Mr. Schwarz?

Mr. Strobel. I have to answer this way, that personally I have no knowledge as to whether they actually submitted full information or not. If they did it is in our file. But I don't personally know about it.

Mr. Fine. Mr. Rodino wanted to know whether or not the Government solicited the information from Ferrenz.

Mr. Strobel. We did.

Mr. Fine. The Government did?

Mr. Strobel. The Government did. And the answer was -- the question was, the way I understood it, did they submit such information?

Mr. Rodino. That is right.

Mr. Strobel. If they did I don't know about that personally.

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
Mr. Rodino. On its own initiative solicit certain information from certain outstanding firms, is that it?

Mr. Strobel. Right.

Mr. Rodino. And whether or not this information was submitted by Ferrerz and Taylor at that time that this solicitation developed you do not know.

Mr. Strobel. That information was not submitted to me personally, it was requested to be mailed into the acting Director of Design and Construction. He has charge of the file.

The Chairman. Any other questions?

Go ahead.

Mr. Maletz. Now, I turn to the Petroff matter, Mr. Schwarz. Were you in this room when Mr. Strobel testified that on August 26, 1954 he, as Commissioner of Public Buildings recommended to his subordinate, Mr. Lawton, Deputy Regional Director of GSA, that Mr. Lawton consider or award a Government architectural contract to Serge Petroff. Did you hear that testimony?

Mr. Robb. Did you say consider or award?

Mr. Keating. There is quite a difference.

Mr. Maletz. We will get to that point in just a moment.

Did you hear that testimony?

Mr. Schwarz. I heard the testimony. Whether it is exactly as you say I don't know, but I heard the testimony.

Mr. Maletz. Mr. Lawton testified, page 330 of the transcript

"The Chairman. He used the words 'absolute instruction'

I am trying to find out what he meant by it". I will read Mr. Lawton's answer:

"Mr. Lawton. I meant by that that Mr. Strobel inferred that I was to do business with Petroff and not with any other firm. I welcomed the suggestion from Mr. Strobel because of the time problem involved in this work".

Now, do you recall that testimony?

Mr. Schwarz. Yes, I recall that testimony.

Mr. Strobel. Mr. Counsel, isn't it also true that Mr. Lawton also testified that my request or my mention of the name of Petroff did not mean that he exclusively had to deal with that man?

Mr. Maletz. Let me read the transcript at page 389, Mr. Strobel:

"Mr. Maletz. When you left Mr. Strobel's office did you consider awarding this contract to anybody but Petroff?

"Mr. Lawton. No, I had no reason to at that time.

"Mr. Maletz. Why not?

"Mr. Lawton. Mr. Strobel had recommended Mr. Petroff to me, I had confidence in his knowledge of the firms in New York City, and I saw no reason to question it until I had talked with Petroff."

Mr. Robb. Mr. Counsel, would you mind reading the next question and answer?

Mr. Maletz. Yes, I will read the rest of the page:

"The Chairman. You said that you do not consider that it was absolute instruction. Do you mean by that that there was an instruction?

"Mr. Lawton. I do not consider that it was an order to do business with Petroff to the exclusion of any other firm.

"The Chairman. But the fact that Mr. Strobel had had this conversation with you and told you about Petroff, in view of the fact that Mr. Strobel was your superior, you felt that that was an instruction, did you not? It might not have been absolute instruction, but it was an instruction.

"Mr. Keating. You are putting the words in his mouth.

"The Chairman. He used the words 'absolute instruction', I am trying to find out what he meant by it.

"Mr. Lawton. I meant by that that Mr. Strobel inferred that I was to do business with Petroff and not with any other firm. I welcomed the suggestion from Mr. Strobel because of the time problem involved in this work."

Now, let me ask you this, Mr. Schwarz. Is it or is it not correct that at that time, August 27, 1954, Petroff was a regular and active client of Strobel and Salzman?

Mr. Schwarz. That is correct.

Mr. Maletz. Now, after August 27, 1954 how many jobs did Strobel and Salzman get from Petroff?

Mr. Schwarz. What was that date?

Mr. Maletz. August 27, 1954.

Mr. Schwarz. I would have to look into the record to see.

Mr. Maletz. May I refresh your recollection?

Mr. Schwarz. Yes.

Mr. Maletz. I have the information here, and I can ask you whether it is correct. On December 1, 1954 did Strobel and Salzman get a contract from Serge Petroff?

Mr. Schwarz. Well, I would have to look through here now.

Mr. Fine. Mr. Chairman, the record shows that he did, why do we have to repeat the same facts?

The Chairman. The question will be propounded and answered as Mr. Maletz indicated.

Mr. Schwarz. What date was that?

Mr. Maletz. August 1, 1954.

Mr. Schwarz. The way I can answer that question is not in a yes or no --

Mr. Maletz. Why don't you tell us what jobs Strobel and Salzman got from Petroff after August 27, 1954?

Mr. Schwarz. I don't know that I can say that, tell those jobs definitely, I don't know for sure. I know these jobs that are listed in this list, and I know what has happened in those jobs.

The Chairman. Tell it in your own words.

Mr. Schwarz. This one which you speak of as December 1, 1954, is a job which has not up to the present time been started,

712
or not contract has been determined on it, even though it is shown in this record. And so we have no contract at this moment on that particular job.

We have made an expenditure of money in connection with it. And if the job doesn't go ahead we won't get any fee on it. That is the way I can answer the question on that first one.

Mr. Maletz. That is the December 1, 1954 job?

Mr. Schwarz. December 1, 1954, that is correct.

The Chairman. What is the next one?

Mr. Schwarz. The next one on this list, which is January 5, 1955, we did that job for -- we did that job on which Mr. Petroff was the architect, that is correct.

Mr. Maletz. And what was the fee?

Mr. Schwarz. The fee at the moment has not yet been determined.

Mr. Maletz. What is your estimate?

Mr. Schwarz. I would say that the fee on that job would be something in the neighborhood of \$12 to \$13 thousand.

The Chairman. Any others?

Mr. Schwarz. On the other one, which is dated August 31, 1955, which was to determine whether a safe could be put on a floor of a building at 217 Broadway, from which the fee is going to be about \$50, was done by us.

The Chairman. Just \$50?

Mr. Schwarz. \$50 or \$60 or \$70, something.

Mr. Maletz. Did you get a job from Petroff on February 9, 1955?

Mr. Schwarz. The job listed there as February 9th is not from Mr. Petroff, it is from somebody else.

Mr. Maletz. I see.

Mr. Fine. Mr. Chairman, I would like to make a statement on this Petroff thing. I have stated it so many times already, and I am going to state it for the record once and for all.

It is my personal opinion from what I have heard here, and from the record that I have read very carefully, that the Petroff matter has been blown up beyond proportions, that Mr. Lawton did testify that the Petroff firm, as any other architectural firm, would be doing the Government a favor if they were to take this job.

And under those circumstances, and knowing the background of the facts as they appear in the record, I think we are making a mountain out of this mole hill. And I think the next time I hear anything about this Petroff matter I am going to vote definitely, and I will tell you now, that that matter not be considered an indictment against this witness. I think it is outrageous to have us go over and over again a matter which Mr. Lawton testified to, and from whom we elicited the information very definitely that that was one of those very unusual circumstances. And unless Petroff did it, nobody else could have done it within the time limit.

The Chairman. I think the gentleman from New York makes an excellent advocate for Mr. Strobel.

Mr. Fine. It being an adequate means, I want to get the facts, then that is correct.

The Chairman. We can't conduct an inquiry with precision like instruments.

Mr. Fine. Then why, every time you or counsel asks a question, have you got to put in the hypothetical question or the facts.

The Chairman. When you become a judge of the Supreme Court of the State of New York I know you are going to be an excellent judge --

Mr. Fine. I won't tolerate this line of questioning.

The Chairman. -- but this is not a hearing in the Supreme Court of the State of New York, this is a committee where there is a considerable latitude, as is the case in all committees of Congress.

Mr. Keating. There certainly is latitude when you can spread over the newspapers that the gentleman is being investigated by the FBI.

Mr. Fine. Will the gentleman yield?

The Chairman. I think the gentleman from New York wants to withdraw his statement that the Chairman wants to be fair and objective.

Mr. Fine. The Chairman I love and respect as a personal

friend. I want to discuss this with him. Are we trying to win a case or trying to get the facts? If we are trying to win a case, that is one thing, and if we are trying to get the facts, that is another. I assume from what I said and the Chairman said that what we are trying to get is the facts unbiased.

The Chairman. I wonder whether the gentleman from New York is unbiased when he makes those statements as far as the Chair is concerned?

Mr. Fine. No, I said I love you.

Mr. Rodino. I think, Mr. Chairman, we had better get on with the hearing. I am interested in conducting an impartial, fair hearing, that is what I seek to do.

Mr. Keating. I want to say at this time that I love the Chairman too, and I don't want to have my friend from Brooklyn as the only one displaying all of this affection for the Chairman -

The Chairman. No, he is from the Bronx.

Mr. Keating. It may be that the Chairman had an idea that this thing was -- that the facts were somewhat different from the evidence that has been brought out here, and I am frank to say that in our executive session when I was made to understand what evidence was going to be unfolded I was rather surprised, and I am still looking for that evidence that we talked about in the executive session. But we aren't through yet.

The Chairman. If anybody looks with myopic eyes of course he can't see. And I am afraid the gentleman from Rochester and

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
the gentleman from New York are looking with respect on
this testimony. I see it different than they do, and I don't
think my eyes are myopic. But go on with the questions.

Mr. Keating. I haven't worn glasses in a long time, and
my eyes are considered pretty good.

Mr. Rodino. I have 20-10 vision too. But I think we had
better wait before we make the conclusions. I don't think anyone
here intends to be an advocate, I think everyone intends to judge
fairly.

The Chairman. I think that is a very fair observation.

Mr. Maletz. Now, Mr. Schwarz, did the August 30, 1955

list of firms which you prepared, with which Strobel and Salzman negotiated, include the firm of Wilcox and Erickson?

Mr. Schwarz. That is correct.

Mr. Maletz. Could you tell us when Strobel and Salzman negotiated with Wilcox and Erickson?

Mr. Schwarz. I don't think that I can give you the exact date, but I can tell you what happened.

Mr. Maletz. Sure.

Mr. Schwarz. Mr. Erickson required the services of a man to do some work in his office, and Mr. Strobel was kind enough to loan to Mr. Erickson that man who worked for us who was qualified to do the type of work which was required. And when the work was finished, we billed Wilcox and Erickson for the amount of this man's service, and we did favor to Mr. Erickson. That is the reason why his name is on this list.

Mr. Maletz. Has Strobel and Salzman sought to obtain work from Carson and Lundin, a New York architectural firm?

Mr. Schwarz. I can't answer that yes or no.

Mr. Maletz. Would you answer it any way you like, sir.

Mr. Schwarz. One of the people in Carson & Lundin called up Mr. Salzman some time ago, offered us a job, and we wouldn't take it; we didn't take it, that is. I know about the soliciting of business with Carson and Lundin.

Mr. Maletz. They offered you, Strobel and Salzman, a job,

but you wouldn't take it?

Mr. Schwarz. Yes. It was the New York City Fire House.

Mr. Maletz. You know Mr. Horton Blumenthal?

Mr. Schwarz. I met Mr. Blumenthal.

Mr. Maletz. Will you tell us when you first happened to meet him?

Mr. Schwarz. I don't know what the exact date was. He came into our office, I don't know when it was.

Mr. Maletz. About when would that have been?

Mr. Schwarz. Well, it might have been some time the latter part of last year, November or December.

Mr. Maletz. And he came into your office?

Mr. Schwarz. He came in and introduced himself to me.

Mr. Maletz. What did he tell you?

Mr. Schwarz. He told me at that moment that if we wanted some work from an architectural firm, he would arrange to have me meet somebody from that firm.

Mr. Maletz. Will you name the architectural firm?

Mr. Schwarz. Yes.

Mr. Maletz. What firm was that?

Mr. Schwarz. It was de Young & Muzcowitz.

Mr. Maletz. Did he indicate to you that he had met with Mr. Strobel prior to visiting you?

Mr. Schwarz. Not particularly. He told me that he knew Mr. Strobel, but he didn't tell me that he met with him or that

he had any -- he told me that he did have a conversation with him.

Mr. Maletz. I beg your pardon?

Mr. Schwarz. He told me that he did have a conversation with him, but what the conversation was he didn't expose to me.

Mr. Maletz. Was that the first time you met Mr. Blumenthal?

Mr. Schwarz. To the best of my knowledge, yes.

Mr. Maletz. Did he tell you that he had a conversation with Mr. Strobel in Washington?

Mr. Schwarz. He said that he had met Mr. Strobel in Washington.

Mr. Maletz. Now, he suggested that you go and see deYoung and Muscovitz?

Mr. Schwarz. That is correct.

Mr. Maletz. About what, about getting business?

Mr. Schwarz. About the possibility of getting a job which was on the New York City list of housing jobs.

Mr. Maletz. Did you go see de Young and Muscovitz?

Mr. Schwarz. I did.

Mr. Maletz. What happened?

Mr. Schwarz. I went to see de Young and Muscovitz with Mr. Salzman, and we reviewed the job which he had, which was a housing job for the City of New York. And I told Mr. Muscovitz that we did not want that job.

Mr. Maletz. And what was the reason that you didn't want the job?

Mr. Schwarz. ~~Because it would not fit in with our program~~
Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

of work at that time.

Mr. Maletz. Now, did you get a job from de Young and Muscowitz subsequently?

Mr. Schwarz. Subsequent to that, I told Mr. Muscowitz tentatively for his records, with the Board of Education for the City of New York, that we would be willing to do a job for them.

Mr. Maletz. And did you get a verbal commitment from de Young and Muscowitz to do that job?

Mr. Schwarz. After approval by the Board of Education, we did get a verbal commitment.

Mr. Maletz. And when was that?

Mr. Schwarz. To the best of my knowledge, that was in May or June -- I think it was in June of 1955.

Mr. Maletz. And about what was the fee to be to Strobel and Salzman?

Mr. Schwarz. The fee as established was an amount, I believe, of \$29,000.

Mr. Fine. Was that the contract that was cancelled on August 4?

Mr. Maletz. That is right.

Mr. Keating. You never did get that fee?

Mr. Schwarz. We never executed the work.

Mr. Keating. The contract was cancelled?

Mr. Schwarz. We cancelled the contract, and we told him

we were sorry, but we would like to be withdrawn as the engineers on that job. And nothing has happened with that particular job.

Mr. Keating. You never did get any money out of this?

Mr. Schwarz. Never did get any money out of it, no.

Mr. Maletz. Will you tell the committee whether Mr. Blumenthal was helpful to Strobel and Salzman in getting the de Young and Muscovitz business?

Mr. Schwarz. That is a difficult question.

Mr. Keating. What business?

Mr. Maletz. The \$30,000 contract.

Mr. Schwarz. No, he was not.

Mr. Maletz. It was cancelled at a later date.

He was not?

Mr. Schwarz. No.

Mr. Maletz. I take it that all he did was arrange the initial contact; is that right?

Mr. Schwarz. He arranged one conference with Mr. Muscovitz.

Mr. Maletz. And how many meetings did you have with Mr. Blumenthal?

Mr. Schwarz. One.

Mr. Maletz. And you have never seen him since?

Mr. Schwarz. I have never seen him since. I spoke to him on the telephone once.

Mr. Maletz. Now, Mr. Schwarz, was it your understanding that Mr. Strobel had relinquished all participation in the manage-

ment of Strobel and Salzman when he came to work in Washington?

Mr. Schwarz. Yes; I would say yes.

Mr. Maletz. That was your understanding?

Mr. Schwarz. That was my understanding.

Mr. Maletz. I show you an undated memorandum and ask you whether this is a true and accurate copy of a report that you sent, or memorandum which you sent, to Mr. Strobel.

Mr. Schwarz. Yes, that is an accurate photostatic copy of my memorandum to Mr. Strobel.

Mr. Robb. Mr. Chairman, may I inquire of counsel whether the check mark on here was made by him.

Mr. Maletz. I can say that the check mark was placed there by me.

Mr. Schwarz, would you read the last paragraph.

Mr. Schwarz. The last paragraph of this memorandum reads:

"I would like to suggest that if you are not able to get to see Zackrison that you call him to find out if there is anything doing on alert Hangars or on any other work, and if so, we could arrange to send someone down to see him."

Mr. Maletz. Now, who was the Zackrison to whom you referred?

Mr. Schwarz. The Zackrison referred to in this memorandum is Mr. Zackrison of the Corps of Engineers, Office of the Corps of Engineers. And he was one of the persons authorized to act for the Contracting Officer.

Mr. Maletz. He is a contracting officer for the Corps of Engineers?

Mr. Schwarz. Or is authorized to act for the Contracting Officers, yes.

Mr. Maletz. And what is the approximate date of this report, or memorandum, or letter, to Mr. Strobel?

Mr. Schwarz. I don't recall the exact date of this thing, but I believe it was some time in 1954.

Mr. Maletz. Fifty when?

Mr. Schwarz. 54. I believe it was in 1954.

Mr. Maletz. It was after Mr. Strobel came to work for the Government, was it not?

Mr. Schwarz. That is correct.

Mr. Maletz. Now, if it was your understanding that Mr. Strobel had relinquished all active participation in the management of Strobel and Salzman, why did you suggest that Mr. Strobel get in touch with Mr. Zachrison to discuss the possibility of getting work?

Mr. Schwarz. Well, if such work were possible out of the Corps of Engineers, and if I thought, according to my memorandum-- and I did not think it was illegal for Mr. Strobel to do what I suggested -- that it would be to our advantage in negotiating a contract if he could communicate with Mr. Zachrison. However, I am not familiar entirely with all the Government regulations pertaining to his job as Public Buildings Commissioner.

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

Mr. Keating. You wanted to find out whether it would pay you to come down here, a job pending that would pay you to come down here and see about; is that correct?

Mr. Schwarz. That is correct.

Mr. Maletz. Mr. Chairman, I offer that report in evidence at this point.

(The document referred to is as follows:)

Mr. Fine. May I ask a question, Mr. Strobel? Did you go to see this gentleman?

Mr. Strobel. To the best of my recollection, I did not call Mr. Zackrison, and I did not go to see him.

Mr. Maletz. I would like to say, Mr. Congressman, that the purpose of this questioning is only to elicit from Mr. Schwarz his understanding of Mr. Strobel's role in the firm of Strobel and Salzman.

Mr. Schwarz. I would like to make one further remark about this. I don't know who told me about this, but somebody told me that there is an alert hangar program which is going to continue. And Strobel and Salzman did the original alert hangars for the Corps of Engineers, and I thought possibly there was some more work involved down there, and if we could get it we would like to get it.

One more statement --

Mr. Rodino. Pardon me? Is that a special type of work, alert hangars?

Mr. Schwarz. I would say that it was a special type of work, yes.

Mr. Rodino. And your organization had done that work commercially?

Mr. Schwarz. We had done the original standard alert hangar plans for the Corps of Engineers, that is correct.

There is one more statement I would like to make. I never did get any reply from Mr. Strobel as to whether he did anything in connection with this memorandum. This was an informative memorandum to him, and I never did get any reply either written or oral.

Mr. Maletz. As I understand it, Mr. Strobel never did contact Mr. Zackrison about getting any original work, is that right?

Mr. Schwarz. I don't know.

Mr. Maletz. I direct your attention to a document dated July 2, 1955, and ask you whether this is an accurate copy of the report which you sent to Mr. Strobel?

Mr. Schwarz. Yes, that appears to be a correct copy.

Mr. Fine. What is the date?

Mr. Schwarz. 7-2-54.

Mr. Maletz. Now, is Mr. Strobel's handwriting on that document?

Mr. Schwarz. Yes, it is.

Mr. Maletz. Will you explain the document to the committee?

Mr. Schwarz. Well, this is a memorandum to Mr. Strobel, an informative memorandum to Mr. Strobel telling him -- let me first read it through to be sure I am going to give the right answer -- you want an explanation of this?

Mr. Maletz. Yes. Will you describe what this report is all about?

Mr. Schwarz. This is an informative memorandum, I would say, to Mr. Strobel telling him that we billed up to 15 -- up to 25 -- per cent of the work which we did on the helicopter hangars, and telling him approximately how we arrived at that amount, because of the fact that we had -- that we are bound to submit a bill for the amount of work actually performed on any Government or any other contract. And that is what is represented by the first part of this memorandum.

Mr. Maletz. Now, did Mr. Strobel indicate in this memorandum

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
that he would take certain action about a possible extra?

Mr. Schwarz. That is indicated in this memorandum, yes.

Mr. Maletz. Didn't Mr. Strobel, in this memorandum indicate to you in handwriting that he would talk with Mr. Hench about a possible extra?

Mr. Schwarz. Yes.

Mr. Maletz. And Mr. Hench is with the Corps of Engineers, is that not correct?

Mr. Schwarz. That is correct.

Mr. Maletz. And then Mr. Strobel gave you some other instructions about money that was owed to you by another firm, is that not correct?

Mr. Schwarz. That is correct.

Mr. Maletz. He said "Wait until August," is that correct?

Mr. Schwarz. That is correct.

Mr. Maletz. Now, would this indicate to you that Mr. Strobel had relinquished all active participation in the management of Strobel and Salzman?

Mr. Schwarz. The way I interpret it it is indicated by everything that has been done up to the present time. The first part of this memorandum is informative.

I went through some arithmetic figures, which he corrected me on when he wrote his note in connection with, that is in connection with the contract we are talking about at this moment, the helicopter hangars. And that, I would say, has nothing to do

with the management or operation of the firm of Strobel and Salz-
man. Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

Mr. Maletz. Would the fact that Mr. Strobel spoke to Mr. Ferrenz with you about the possibility of getting work indicate that Mr. Strobel had relinquished all active participation in the management of Strobel and Salzman?

Mr. Schwarz. The circumstances which led to seeing Mr. Ferrenz seem to indicate to me that he did not have anything to do with the management of the firm at the time when we saw Mr. Ferrenz. Mr. Ferrenz was the man who requested Mr. Strobel to be there. And Mr. Strobel was there, at Mr. Ferrenz's request.

Mr. Maletz. Or Strobel and Salzman presently working on an overtime basis.

Mr. Schwarz. I have been away for a week and a half, I don't know.

Mr. Maletz. 'bout a week and a half ago were they working on an overtime basis?

Mr. Schwarz. Partly.

Mr. Maletz. I beg your pardon?

Mr. Schwarz. They were partly on an overtime basis, depending on whether the work was required at that time.

Mr. Maletz. Were they working on an overtime basis, say, in September of 1954?

Mr. Schwarz. I do not believe so, but I could not say definitely.

Mr. Maletz. To refresh your recollection you might refer to a letter, which I shall not put in evidence unless you desire us to do so, a letter dated June 27, 1955.

Mr. Robb. What was that date, sir?

Mr. Maletz. June 27, 1955.

Mr. Strobel. Before we get off of this memorandum dated July 2, 1954, I would like to point out that the matter that I indicated that I would talk to Mr. Hench about is an old warehouse contract that was negotiated and completed in 1953.

Mr. Maletz. And you had discussions with Mr. Hench about a claim for extras in May of 1955 too, did you not, under that old contract?

Mr. Strobel. That is what I followed up on in 1955, yes.

Mr. Maletz. Mr. Chairman, at this point I offer in evidence the report from Mr. Schwarz to Mr. Strobel dated July 2, 1954.

(The document referred to is as follows:)

Mr. Robb. What was the last letter you referred to?

Mr. Maletz. June 27, 1955.

Mr. Fine. Before you talk about that letter that you are looking for, Mr. Robb, I just want to make sure that I understood this thing.

This memorandum that was just offered in evidence was dated July 2, 1954?

Mr. Maletz. That is right.

Mr. Fine. Mr. Strobel became the Commissioner on July 1, 1954?

Mr. Maletz. That is right.

Mr. Fine. And there must have been some old business that had to be transacted that he knew about when he was an active member of the firm. Does counsel wish to indicate that just because a memorandum dated July 2d refers to some business that he took care of that that means he was still actively engaged?

Mr. Maletz. No, I am not indicating that, Mr. Fine, not a bit.

Mr. Keating. What is the purpose of putting in a memorandum like that? I haven't any objection to it going in, but the fact that a memo was sent to him the next day after he assumed his Government position about some further business, I don't see the significance of it.

Mr. Maletz. All I am trying to do, Mr. Keating, is ascertain what Mr. Schwarz's understanding of Mr. Strobel's relationship

with Strobel and Salzman is, that is all. And I don't know that it is particularly material to put that report in evidence.

The Chairman. Go ahead.

Mr. Maletz. I just asked you to refer to that letter of June 27, 1955.

I beg your pardon. The letter is September 14, 1954, I am sorry.

Mr. Robb. 1954 or 1955?

Mr. Maletz. 1955.

Mr. Schwarz. This isn't the one we are talking about?

Mr. Maletz. No. I am sorry I misled you.

Mr. Fine. While they are looking for it, to refresh my recollection, was there evidence here that the business of the firm had fallen off by better than 50 per cent after Mr. Strobel became the Commissioner of Public Works?

Mr. Maletz. I think Mr. Strobel so testified.

Mr. Schwarz, I might suggest that you might want to put in the record your pay roll figures for 1953-54-55. Do you care to do that?

Mr. Schwarz. Well --

Mr. Maletz. On a monthly basis.

Mr. Schwarz. I don't know whether that is available to put in, I don't know whether it is available.

The Chairman. Have you got the pay roll figures?

Mr. Schwarz. Not with me.

The Chairman. Have you got them in the office?

Mr. Schwarz. In the office, yes, sir.

The Chairman. Will you supply them for the committee, Mr. Robb?

Mr. Robb. I will be glad to do so.

Mr. Strobel. In what form should they be submitted?

There are the timetable sheets, and everything else. Are you talking about a summary that was made by Mr. Schwarz on just the half a page?

Mr. Maletz. He gave me the pay roll figures for Strobel and Salzman for each of the months beginning in 1953, extending through, as I recall, August of 1955. And I thought that possibly you might like to have those figures included in the record.

Mr. Robb. You mean the amount of pay rolls, Mr. Maletz, or the number of employees, or what?

Mr. Maletz. Amount of pay rolls.

Mr. Robb. Just the amounts?

Mr. Maletz. That is right, on the basis, I think -- Mr. Schwarz indicated to me that is the most accurate barometer of how good or bad business is.

Mr. Robb. I should think the amount of profits might be the more accurate barometer.

Mr. Strobel. It might be an indication of how busy the office is, but it only has an indirect bearing on the amount of profit that is made.

The Chairman. Mr. Strobel, put it in any way you wish.

Mr. Keating. I would be interested to know, if you have the figures as to Mr. Strobel's personal income, if he doesn't object to it, his personal income out of this firm in the one or two years before he came to Washington, and since he came here.

Mr. Strobel. We can do that.

Mr. Keating. If he doesn't object, I think that might be significant to have for the record.

The Chairman. Is that all right, Mr. Strobel?

Mr. Strobel. That is satisfactory.

Mr. Maletz. To get back to this letter of September 14, 1954, is it not a fact that you indicated then that you were on an overtime basis?

Mr. Schwarz. I would have to read this memorandum. This is an informative memorandum also.

Mr. Maletz. You do not have to read the memorandum to the committee, unless you choose to do so.

Mr. Schwarz. I don't know where that passage is about overtime; I have a poor copy.

Mr. Maletz. That would be in the fourth paragraph, last sentence.

Mr. Schwarz. I don't know for sure whether we did go on an overtime basis.

The Chairman. What does that memorandum read?

Mr. Schwarz. The way this memorandum reads --

Mr. Maletz. Just that paragraph, Mr. Schwarz.

Mr. Schwarz. This says: "We are now quite busy, as Salo's Plattsburg final job is about to start up, and together with helicopters, Gimbel Green Acres, and a few others, we will have to go on an overtime schedule."

The Chairman. Do you want to explain that?

Mr. Schwarz. Well, I don't know whether we did go on an overtime schedule at that time, I cannot remember. I would have to look at the records in order to find out. But the helicopter job was one in which we had a time schedule to complete.

And, as Mr. Strobel explained some time ago, the way to operate our office efficiently is to permit the expansion of productive work by putting men on overtime. And if at this time it became necessary with those three jobs having a completion date which we had to maintain, we did go on an overtime basis. And that happens very often in our business.

Mr. Maletz. Just one final question.

Could you tell us when Strobel and Salzman engaged Robert and Company, of Atlanta, Georgia, as subcontractors to draw up plans and specifications for the New York City incinerator project?

Mr. Schwarz. I didn't hear part of your question.

Mr. Maletz. Could you tell us when Strobel and Salzman engaged or hired Robert and Company of Atlanta, Georgia, as subcontractors to draw up plans and specifications for the New

York City incinerator project?

Mr. Schwarz. I cannot give that date definitely.

Mr. Maletz. Just the approximate date.

Mr. Strobel. Mr. Chairman, I would like to explain that question. The way the question is phrased, it sounds as if Strobel and Salzman engaged Robert and Company to draw plans and specifications for the incinerator job. As I explained the other day --

Mr. Maletz. Alternate plans and specifications?

Mr. Strobel. Yes, they were alternate plans, but they were only a small part of the over-all project, amounting to, or the portion of the work being represented by, a total of seventeen drawings be prepared by Robert and Company, as compared to a total of some 140 drawings on the entire set.

Mr. Maletz. When were they prepared?

Mr. Strobel. That, I believe, was in 1952.

Mr. Schwarz. I believe so, too.

Mr. Maletz. Do you know what month?

Mr. Strobel. No, I don't recall that.

The Chairman. Thank you very much, Mr. Schwarz.

Mr. Keating. I wanted to ask Mr. Strobel a question.

Did you, as Commissioner of Public Buildings -- now, I am considering all the testimony we have had -- did you, as Commissioner of Public Buildings, personally award any contract at any time to any former or present client of Strobel and Salzman?

Mr. Strobel. For Release 2000/05/08 : CIA-RDP59-00882R000200380001-5
The only contract I personally signed to somebody that Strobel and Salzman had been doing business with was Robert Associates, in regard to the extra work to be done on the Communicable Diseases Center in Atlanta, Georgia. I signed that contract.

Mr. Maletz. And that was the case where they had originally, under your predecessors, done the big job?

Mr. Strobel. That is correct.

Mr. Keating. And you felt that the Government -- first, there were two points: one, you felt that no other reputable architect would take it because of the fact that they were the architects on the original job?

Mr. Strobel. That is correct.

Mr. Keating. And, secondly, any architect that did take it would have to go over all of those old drawings, and it would cost the Government a lot more money to award it to anyone other than Robert and Company?

Mr. Strobel. That is correct.

And I might mention, to get an idea of the proportion of the new work to be done, they got a fee of \$24,000 to finish up the drawings, to make the necessary additions and changes, as compared to an original fee of \$388,000.

The Chairman. At the time you gave that work to Robert and Company, did you disclose to your superior, Mr. Mansure, the relations that you may have had with Robert and Company as a

member of the firm, Strobel and Salzman?

Mr. Strobel. I am not sure of that, though it seems to me that the contract was probably signed after August 30. I am not positive.

The Chairman. Did you --

Mr. Strobel. No.

The Chairman. You did not tell Mr. Mansure?

Mr. Strobel. I don't think so.

Mr. Fine. I think the record is clear -- I asked the question at the time as to the reason for not telling Mr. Mansure, and it was because the ethics of the Architects' Society required him to take Mr. Robert, and there is no question about it.

The Chairman. That is not the question. I asked him, did he disclose.

Mr. Fine. I know, but you have got to bring it in all together.

The Chairman. Mr. Strobel, will you withdraw from the stand, please.

We will now call Mr. Edmund F. Mansure of the General Services Administration.

Mr. Mansure, will you please raise your right hand and repeat after me: Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. Mansure. I do.

**TESTIMONY OF EDMUND F. MANSURE,
ADMINISTRATOR, GENERAL SERVICES ADMINISTRATION;
ACCOMPANIED BY MAXWELL H. ELLIOTT, GENERAL COUNSEL,
GENERAL SERVICES ADMINISTRATION**

The Chairman. Will you give your name and official position to the stenographer.

Mr. Mansure. Edmund F. Mansure, Administrator, General Services.

The Chairman. I want to indicate, Mr. Mansure, that you have been cooperative with this committee, and particularly with counsel, and we are grateful.

Mr. Mansure. Thank you very much.

Mr. Keating. Mr. Chairman, I am forced to leave at this point, and I understand the Chairman has a letter from the Comptroller General of some kind. When will that be put in?

The Chairman. Just after Mr. Mansure's testimony.

Mr. Keating. Would it be possible to put it in at this point?

The Chairman. No.

(At this point Mr. Keating left the hearing room.)

The Chairman. Mr. Mansure, you are the Administrator of the General Services Administration, are you not?

Mr. Mansure. Yes, sir.

The Chairman. And the Public Buildings Service is a constituent agency within the General Services Administration?

Mr. Mansure. That is right, it is one of our service divisions, Mr. Chairman.

The Chairman. It is correct, is it not, that the Commissioner of Public Buildings is responsible to you?

Mr. Mansure. That is correct.

The Chairman. Now, did you appoint Mr. Strobel to the position of Commissioner of Public Buildings?

Mr. Mansure. I did.

The Chairman. Was it on July 1, 1954?

Mr. Mansure. That is correct.

The Chairman. And you appointed him as a full-time consultant on April 1st, 1954, three months prior thereto?

Mr. Mansure. Yes.

The Chairman. I presume so that he could familiarize himself with the work of his job?

Mr. Mansure. To learn our problems and to work along with the former Commissioner.

The Chairman. On October 4, 1955 did you refer this entire matter to the Federal Bureau of Investigation?

Mr. Mansure. That is correct.

The Chairman. To the FBI?

Mr. Mansure. We referred it to, I believe, the Department of Justice, and I think they referred it to the FBI. That was done, Mr. Chairman, as a regular procedure in our Compliance Division. We felt that if in some of these allegations there

was a conflict, that it should be investigated outside of General Services.

The Chairman. This was before these hearings started?

Mr. Mansure. That is correct. And it was pertaining particularly to the Army Engineers' work.

The Chairman. Did you know Mr. Strobel before you appointed him?

Mr. Mansure. No; only by name. I had heard of Mr. Strobel, but we hadn't met before.

The Chairman. As to the circumstances of his appointment, who recommended his appointment?

Mr. Mansure. Well, I knew that question was coming up, and I have been trying to recollect, but I do not know.

I might say this, though: We were considering a number for the position when Commissioner Reynolds had decided definitely to retire. He had asked me twice before if he could set a retirement date, and I requested him to stay on until we could get some of the pending operations a little bit more settled. And then I received, through the Republican National Committee, a biography background on Mr. Strobel. But with that I did not receive --

The Chairman. You say the Republican National Committee?

Mr. Mansure. That is right. But I did not receive a recommendation from them. There has been some talk about some third person, or outsider, recommending Mr. Strobel. There is

no one that ever came to my attention from the outside of the Government that recommended Mr. Strobel to me.

The Chairman. Did you have any discussion with Mr. Strobel prior to his appointment, regarding his future relationship with the New York engineering firm of Strobel and Salzman?

Mr. Mansure. Yes, sir. We discussed that, I think, in considerable detail. I explained to him that this was a full-time job, there was a great responsibility connected with it, and that he would have to devote his time to the operation. I did that because I realized that he held a very eminent position in the engineering field, and that coming into the Government was at a considerable sacrifice, as many who have come into the Government have made. And I think it was completely understood between us.

The Chairman. Would you mind talking a little louder, please.

Mr. Mansure. I am sorry.

We discussed the matter in considerable detail, and I explained to Mr. Strobel that this was an important position with great responsibility, and that it would be a very demanding job, and full-time work. And I don't think there was any misunderstanding regarding what was to be done. And this was before April, when he took the position as consultant.

The Chairman. Now, did Mr. Strobel tell you that he would continue his participation in the partnership profits of

Strobel and Salzman?

Mr. Mansure. Yes. It was agreed that he would participate in the profits of the company. I knew nothing about the partnership of the company, or how the profits were divided. But he was not to take part in the activities of the company.

The Chairman. That is, he was not to take part in the activities, but you understood he was to participate in the partnership profits?

Mr. Mansure. Well, he was to hold his interest in the partnership.

The Chairman. Did he tell you that he would continue to seek clients, or prospective clients, of Strobel --

Mr. Mansure. No, that was not a part of the discussion at all.

The Chairman. Did he tell you he might solicit business from architects for Strobel and Salzman?

Mr. Mansure. No. There was no agreement to that effect whatsoever.

The Chairman. Did he at any time inform you that he intended to prosecute a private claim for Strobel and Salzman before the Corps of Engineers?

Mr. Mansure. I didn't even know anything about that until these hearings commenced; I never heard of that before.

The Chairman. Now, Mr. Strobel has testified that before assuming his Government post he had the situation clarified with

you regarding his relationship with Strobel and Salzman; is that correct?

Mr. Mansure. That is correct.

If there was to be any conflict between anyone that would be doing business with the Public Buildings Service of GSA, he was to take no part in it.

Now, that can be very easily explained. Because of the background of Strobel and his firm, they were eminently qualified to judge engineering firms or architectural firms or construction firms that would be bidding on Government business. We wanted that knowledge. And I felt that just because a firm, maybe because of their experience or prominence, had done business with his former firm, they should not be barred from soliciting Government business. And in that case, then, I or someone in the Department that had nothing to do with the operation, would rule on whether they were qualified, and so forth.

The Chairman. Did you discuss with anybody in the Attorney General's Office the question of Mr. Strobel's personal arrangement with Strobel and Salzman?

Mr. Mansure. No.

I was under the impression that Mr. Strobel's counsel had taken the matter up and had advised him.

The Chairman. With whom?

Mr. Mansure. Well; that is what I did not know, that he had been advised that there was no conflict in his activities.

You see, up until now I have known nothing about the organization of their partnership, or the activities of the firm, other than their business relationships.

The Chairman. Did Mr. Strobel tell you that the matter had been cleared with Mr. Brownell, the Attorney General?

Mr. Mansure. No, there was no mention of that. He said that it had been cleared, but no identification, and Brownell's name never came into the discussion at all, the Attorney General.

The Chairman. Did you take up the matter of Mr. Strobel with the General Services Administration legal staff?

Mr. Mansure: Yes, I did.

The Chairman. And will you tell us about that?

Mr. Mansure. Well, we have a conflict of interest statement which we all sign, or anyone that comes from outside the Government into the Government. And I discovered that in -- I want to get these dates correct -- that in December, 1954, that conflict of interest statement had been signed conditionally, or with a reservation.

So I asked our Compliance Department to check into it; at the same time I said that we should have a list of their clients.

Now, the reason for that was all so simple. We felt that we could be helpful if we had that list. It was not in a critical vein that we asked for that, but we felt that with our business being placed all over the United States, that is, the Government business, that it would be very possible for somebody to bid on

a job unbeknown to the Commissioner, which would be handled within one of our regions, that might some time cause a source of embarrassment.

There was some misunderstanding regarding the compiling of that list, and we did not have the list until last August, August of 1955.

Mr. Maletz. Mr. Mansure, I think you said that Mr. Strobel signed this code of ethics, or standards code, on December 27, 1954?

Mr. Mansure. That is correct.

Mr. Maletz. Could you tell us why he didn't sign it when he assumed the Government position?

Mr. Mansure. No. There was no discussion of why he didn't sign it. He said that he couldn't sign it without the reservation of his interest in his company. We knew of that interest, so we told him to sign it with that reservation.

Mr. Maletz. At any time had Mr. Strobel declined to sign the standards of conduct statement?

Mr. Mansure. No, he hadn't declined to me to sign it. I just presumed that it had been signed, and discovered at that time that it had not, but there was no refusal to sign it.

The Chairman. How much time elapsed between the signing of that statement that you mentioned, by Mr. Strobel? It was presented to him on a certain date, and he took almost a year before he signed it with reservations; is that right?

Mr. Mansure. No. He took office on July 1st, 1954, and he signed it in December of the same year, Mr. Chairman.

The Chairman. And did you accept those reservations that he appended to that statement?

Mr. Mansure. Well, the reservation was merely to the effect that he held his interest in this company, or partnership, which, of course, we had known from the very beginning.

The Chairman. Now, you are familiar with the code of ethics, or the so-called standards of conduct promulgated by your agency, are you not?

Mr. Mansure. Yes, I am, generally.

The Chairman. And I am sure you subscribe fully to those principles enunciated in them?

Mr. Mansure. I do.

The Chairman. When was that code of ethics adopted, about?

Mr. Mansure. We have had it for several years.

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
I would say we have had it since 1953, Mr. Chairman.

We have only required people within GSA to sign it since 1953.

The Chairman. That resolved before Mr. Strobel entered the service?

Mr. Mansure. That is correct, yes, sir.

The Chairman. It is true, is it not, that all employees are required to comply with your code of ethics as a condition of their employment?

Mr. Mansure. That is correct.

The Chairman. You believe, do you not, that when an individual accepts employment with the Government he assumes responsibility over and above efficient and loyal performance of his assigned duties?

Mr. Mansure. Well, I feel very strongly on that, yes. I think that when you accept Government service and work for the Government that you have an obligation and you have a trusteeship.

The Chairman. You also believe, I am sure, that in the eyes of the public the personal conduct of a Government employee becomes a part of the reputation of the Government itself, is that correct?

Mr. Mansure. I will agree with that, and I think particularly in GSA, because we come in contact with all Government agencies as well as the public both.

The Chairman. Do you subscribe to the principle that Government employees in all their dealings must so conduct them-

selves as to permit no possible basis for suspicion of any unethical business practices?

Mr. Mansure. I do. But I think that that basis of suspicion should be well founded and not general, because I am accused of more things than ever existed. People say that they have Mansure in their pocket, and have an in in GSA. But if it is founded, yes.

The Chairman. You would subscribe to the principle, would you not, that the obligation to protect fully the interests of the Government demands the avoidance of circumstances that would invite conflict between self-interest and integrity?

Mr. Mansure. That is correct.

The Chairman. Now, these principles are set forth in your Agency's Code of Ethics, and I think they are admirable principles. Section 4 of the General Services Administration Code of Ethics requires prior written approval before any employee can engage in any outside business activity. That is correct, isn't it?

Mr. Mansure. That is right. And we enforce that very strictly.

The Chairman. Did Mr. Strobel obtain written approval from any General Services Administration official to engage in private business activity?

Mr. Mansure. Well, not to my knowledge. But, Mr. Chairman, he wasn't supposed to be engaged in outside business activity.

The Chairman. He was not supposed to have been?

Mr. Mansure. No.

The Chairman. Now, you say that you were unaware that Mr. Strobel did engage in outside business activity, is that correct?

Mr. Mansure. Well, I wouldn't want to pass judgment on that until I had a chance to review the hearings of this committee. I don't know whether he did or whether he didn't, but of course our policy within GSA is not to engage in outside business activities except where special permission has been given, and then there is no conflict with the Government within Government.

Mr. Maletz. Mr. Mansure, did you hear the testimony this morning concerning Ferrenz and Taylor?

Mr. Mansure. I heard a part of that testimony, yes.

Mr. Maletz. And I take it that you hear that Mr. Strobel testified that he and Mr. Schwarz did solicit Ferrenz and Taylor?

Mr. Mansure. I heard that part of it, yes.

Mr. Maletz. Now, was Mr. Strobel supposed to do that -- is it in complicity with your Code of Ethics for Mr. Strobel to engage in that activity?

The Chairman. That type of activity.

Mr. Mansure. Of course, I don't know what happened at the meeting, but if it was solicitation of business, no.

Mr. Maletz. Would you say that the solicitation of business by Mr. Strobel would constitute a violation of your Code of Ethics?

Mr. Mansure. Well, there would definitely be a conflict in a person's judgment, and basically there would be a conflict with our Code of Ethics.

The Chairman. Now, Section 6 of the General Services Administration Code of Ethics requires every employee, and irrespective of the position he occupies, to submit to his immediate superior a report of outside connections, listing all personal or financial relationships which he has or formerly had with anyone doing business with the General Services Administration, or which there is reason to believe might do any business with the General Services Administration. That is correct, isn't it?

Mr. Mansure. That is right.

The Chairman. And Section 6 also prohibits every employee to take final action with respect to any matter in which such relationship or connection is involved until specific authorization is received from the General Services Administration Office of Compliance, that is correct, isn't it?

Mr. Mansure. That is correct, yes, sir.

The Chairman. Now, when Mr. Strobel was first employed by the General Services Administration I take it he did not submit a report of his outside connections listing all financial relationships. And do you consider that failure to do so a second violation of the Code of Ethics of your Agency?

Mr. Mansure. Mr. Chairman, I don't know what you mean by all

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
of his outside financial relationships, didn't go over any holdings that Mr. Strobel had; we discussed the engineering part.

The Chairman. Did he furnish a list of all his financial relationships?

Mr. Mansure. No, we did not go into that.

The Chairman. When he assumed his job?

Mr. Mansure. We did not go into that, just the discussion pertaining to his principal source of income.

The Chairman. But he did not submit his financial relationships in toto to the department when he assumed his position?

Mr. Mansure. Well, I don't know whether the Compliance Division has that or not, I wouldn't want to say until I asked them, it would be submitted to them if we have it.

The Chairman. When a violation of the Code of Ethics comes to your attention what action do you take?

Mr. Mansure. Well, if there is a violation, of course we can't keep the person in Government employment. But we have to have grounds and justification for the violation.

The Chairman. Did you take any action with reference to your knowledge of Mr. Strobel's possible outside activities?

Mr. Mansure. I beg your pardon?

The Chairman. Did you take any action with reference to Mr. Strobel in that regard?

Mr. Mansure. Well, the outside activities, if there are such

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

have just come to our attention. I would like to qualify my previous statement, that if it is a wilful violation -- of course, if it is something that has happened that is not deliberate, or where the individual did not realize the situation, that other statement I made would be a little too general, because our Code of Ethics covers everybody in GSA.

The Chairman. Well, he might not have been wilful, but it might have been with knowledge.

Mr. Mansure. Well, I want to qualify that, because we have some people that we permit to drive a taxicab, or something. But I just want to qualify that statement, because it covers all of our people now.

The Chairman. Now, turn to the matter of the proposed new \$46 million CIA building. You have had some experience with that, have you not?

Mr. Mansure. Yes, I have.

The Chairman. And you would say, would you not, that that is a very substantial job, and as I think has been indicated by statements by you in conversation with Strobel, that that would be deemed an architectural plum, is that correct.

Mr. Mansure. Well, we feel it would be. That is a very substantial construction.

The Chairman. And for one reason, because the architectural fee will come to something in the neighborhood of \$2 million, is that correct?

Mr. Mansure. I don't know what the fee would come to. But it would be a substantial fee.

The Chairman. Now, the testimony before our committee indicates that Mr. Strobel, as Commissioner of Public Buildings participated in preparing a list for the CIA of so-called outstanding architects for the CIA job. Are you familiar with that list?

Mr. Mansure. No, I am not familiar with the list, but I know of the list. But I would like to correct that. I believe that the list was prepared by the staff and not by Mr. Strobel personally.

The Chairman. Well, he testified this morning that he participated in the preparation of it.

Mr. Mansure. Well, he probably did.

The Chairman. Now, the testimony also indicates that the list which Mr. Strobel participated in preparing comprised some 14 architectural firms. Was it ever brought to your attention that these 14 names --

Mr. Mansure. Not the specific list, but we have discussed that, because I have been in on these negotiations ever since the beginning, there has been some misunderstanding regarding the construction on it.

The Chairman. Well, did you know that 14 of those firms -- I withdraw that.

Do you know -- and I think the testimony is clear, and it

was repeated this morning -- that four of the firms on that list were at the very time the list was sent to the CIA active clients of Strobel's private firm?

Mr. Mansure. No.

The Chairman. Was that brought to your attention?

Mr. Mansure. No, I did not know that. But I still feel that even if I had known of that they shouldn't have been kept off the list if they were qualified. And what we would have done in a case like that is, when it came to my attention, when the time came for active consideration, the Commissioner would not take any part in the decision on the selection of the architect or the engineer.

The Chairman. Now, the testimony is also clear that two additional firms on the list were old clients of Mr. Strobel's firm. Were you aware of that?

Mr. Mansure. No, I was not.

The Chairman. The testimony is also clear to the effect that an additional two firms, the ones from whom Mr. Strobel's firm had tried in some manner to get business in the past, thus making eight firms out of 14 with which Mr. Strobel had business relationships -- was that called to your attention?

Mr. Mansure. No, it wasn't called to my attention. But I believe that there is an answer to that. We haven't come to the point of negotiation yet. And I could definitely say that if we came to a point of negotiation it would be called to my

attention Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

The Chairman. By whom?

Mr. Mansure. By the Commissioner, or by some member of his staff.

Mr. Maletz. Mr. Mansure, at that particular time -- and that was the first part of August, 1955 -- Mr. Strobel had not made available to GSA a list of the clients of Strobel and Salzman, isn't that correct?

Mr. Mansure. That is right. We got that list on --

Mr. Maletz. August 30, 1955?

Mr. Mansure. August 30th, that is correct.

The Chairman. Now, did Mr. Strobel inform you about these private business relationships with the firms he was recommending for Government business, did he inform you?

Mr. Mansure. We hadn't discussed it. But neither did he recommend any of these firms, they were just on the list for consideration. He still hasn't recommended anyone on the job.

The Chairman. That was a list that was sent to the CIA?

Mr. Mansure. Yes.

The Chairman. And you were not informed by Mr. Strobel?

Mr. Mansure. No, we did not discuss that.

The Chairman. I beg your pardon?

Mr. Mansure. We did not discuss that, no.

The Chairman. Now, in view of the testimony I have cited, do you regard Mr. Strobel's official conduct in this respect as

proper or improper, and is it a violation of the Code of Ethics?

Mr. Mansure. Well, you are speaking about the conduct regarding this list of firms?

The Chairman. His participation in the preparation of this list, and the submission of it to the CIA where these firms had had business relationships with him, or intended business relationships, or were having relations with him at the very time.

Mr. Mansure. Well, I would want to defer any decision on my part to the outcome of the hearings of the committee and the judgment of the committee members, because in the first place I don't have any background on whether any influence was used or not, it would be a question of whether there was influence involved in it.

Just because the firm --

The Chairman. I didn't mean to interrupt you.

Mr. Mansure. I say, just because the firm happened to be a client either in the past, or was at present on the list, Mr. Strobel would not be in a position to make the final on that firm.

The Chairman. Aside from the final decision, do you think it was proper morally for Mr. Strobel to include those names on the list presented to the CIA where he personally participated in some way in preparing that list?

Mr. Mansure. I don't want to avoid the answer to your question, but I would hate very much to put these firms of high

standing in a position --

The Chairman. No, not these firms, no, there is nothing against these firms. And I don't want to imply that. Was it proper or improper for Mr. Strobel in the preparation of this list to put these firms on that list, or even to participate in the processing of putting these names on?

Mr. Mansure. Well, with the current --

The Chairman. Without disclosing it to you.

Mr. Mansure. With the current developments I feel that what should have been done was, the matter should have been called to my attention, and then let me review the qualifications of the firms and put them on the list or not.

The Chairman. But he did not do that?

Mr. Mansure. No. And I think the reason for that partly was due to the fact that it was still in the negotiation stage, because GSA at present is not carrying on the program for CIA, they are handling that themselves.

The Chairman. Put it in the negative. Was it proper for him not to have called these facts to your attention?

Mr. Mansure. Well, I think that probably the reason he didn't do it was because, as I say, it was still in the negotiation stage. I want to answer it this way. There is a feeling within GSA that we are not going to handle the CIA project.

The Chairman. Now, your answer is not quite responsive. I say, was it improper for him not to have disclosed the

information to you in the preparation of that list in which he participated?

Mr. Mansure. Yes, I would like to have had the information disclosed to me.

The Chairman. You would have liked to have had it, but do you think it was improper for him not to have disclosed it to you?

Mr. Mansure. Well, I am trying to answer your question because I think that the reason for it not having been done is because we were not at the point of decision. I believe it would be disclosed to me when we came to the point of selecting architects and engineers.

The Chairman. He should have disclosed it to you?

Mr. Mansure. When it came to the point of decision, yes.

The Chairman. Should he have disclosed it to you when the list was submitted to the CIA?

Mr. Mansure. What I am trying to say in my answer is that I have a sincere feeling that the reason the matter was not discussed with me was because we have a pretty heavy workload and were not up to the point beyond the conversational stage on any of these firms.

There were some firms that were considered for it, but they were not satisfactory to CIA.

Mr. Maletz. Mr. Mansure, was it in compliance with your Code of Ethics for Mr. Strobel to have participated in preparing

a list for submission to the CIA without notifying you that eight
Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
of the 14 firms were ones with which Strobel and Salzman had
private business relationships?

Mr. Mansure. Well, I would have to ask for a legal opinion
on that.

Mr. Elliott, I don't know from our Code of Ethics whether
it would be or not.

Mr. Elliott. Frankly, sir, as I told you somewhat earlier,
I would prefer to defer any legal opinion to you at this time
until I have had a chance personally to review the entire record,
not only what has been put in before this committee, but what
may be put in in the future. In other words, when the record
is closed, and what additional information, if any, may have
been developed or our own internal examination. Until that is
done any opinion that I would give you would be probably a little
fragile, because it would depend on an incomplete statement of
facts.

So I can't answer your question or the committee's question
at this time, for that reason. I would like to have all the facts
possible before I give you an opinion.

The Chairman. Mr. Mansure, this morning there has been
testimony that Mr. Strobel, when Commissioner of Public Buildings
personally visited and later obtained business from the archi-
tectural firm Ferrenz and Taylor that is interested in getting
business from the Public Buildings Service. Would you say that

that was proper or improper? Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

Mr. Mansure. Well, in the first place it is contrary to stepping out of his regular business activity, which we discussed in the beginning. And I didn't even know that there was any solicitation or any conferences or anything like that going on, other than what would be a customary report on the progress of the firm's business in their earnings, and things of that kind, which I feel it would be perfectly logical for anyone that has an interest in the company to receive to carry on the activities.

The Chairman. It went beyond that. He went with Mr. Schwarz to the firm of Ferrenz and Taylor, and they handed him a brochure, and they had conversations which indicated that they would like to have some business from Ferrenz and Taylor.

That was at the very time that that firm, Ferrenz and Taylor - subsequently, either -- were interested in getting business from the Public Buildings Service.

Mr. Fine. Mr. Chairman, may I interrupt, please. I think the facts are a little different, if I may say so.

The Chairman. You question them?

Mr. Fine. No, I think that the time Ferrenz sent the brochure to the Government was subsequently, more recently.

Mr. Maletz. Mr. Mansure, do you think it was proper for Mr. Strobel, as Commissioner of Public Buildings to solicit Ferrenz and Taylor?

Mr. Mansure. If there was actual solicitation I don't think

it was proper. But I don't want to pass judgment until I actually get the facts as to whether there was solicitation, or whether he was just there at a discussion. I don't want to accuse a person if they haven't done some overt act. The first I have heard of this was this morning when I came in here.

Mr. Maletz. I would like to ask you this hypothetical question. The testimony, as I recall it, was that Mr. Strobel and Mr. Salzman went to see Ferrenz and Taylor about the possibility of getting business. The testimony is also that subsequently Strobel and Salzman did get business, a \$13,000 job from Ferrenz and Taylor, and that subsequent to that Ferrenz and Taylor evidenced an interest in getting business from the Public Buildings Service.

Now, assuming for your own purpose that that testimony is correct, would you say that Mr. Strobel's visit with Mr. Schwarz to Mr. Ferrenz is proper or improper?

Mr. Mansure. Well, under the facts of your hypothetical case there would be the actual solicitation of business, and that was not to be done by the Commissioner or by anyone in GSA unless there was a definite exemption made.

Now, I would say this, that I don't know whether this firm -- I have just heard the name, I don't know anything about the firm -- whether they are going to have any business or get any business out of the Government. But if they are, then certainly -- and this would be my frank feeling -- that the Commissioner would

make no decision on that at all. To my knowledge they have no business now, so we are still talking about a hypothetical case.

Mr. Maletz. Yes. I am asking you this, whether that solicitation in your judgment is proper or improper.

Mr. Fine. May I interrupt, Mr. Chairman?

The Chairman. Let the question be answered.

Mr. Mansure. Well, I think that the actual solicitation for business while you hold a Government position would be questionable. Now, I would want to know just actually what transpired in that solicitation, if there were actually requests for business, and an inference that there might be some business from the Government in return, of course there would be no question but what there would be a conflict.

The Chairman. Mr. Fine?

Mr. Fine. I think he has answered the question.

Mr. Mansure. I just want to be fair on it in answering your question.

The Chairman. That is perfectly proper. I think that you have been fair.

Mr. Mansure. Thank you.

The Chairman. Are you familiar with the testimony taken before this committee concerning the award by the Public Buildings Service of a contract in August, 1954 to the New York City architectural firm of Serge Petroff?

Mr. Mansure. No, except to just hear about it, I am not

familiar with it other than that

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

The Chairman. The testimony indicates that Serge Petroff is an active client of Mr. Strobel's firm, and that this firm since 1953, Mr. Petroff's firm, has been retained by them for four different jobs on various dates. The testimony indicates that.

Mr. Mansure. Yes.

The Chairman. Are you aware of that now?

Mr. Mansure. I am, yes.

The Chairman. Now, the testimony, Mr. Mansure, also indicated that Mr. Strobel personally recommended Petroff to Mr. Lawton, the New York Deputy Regional Director of the General Services Administration, for what he termed a rush job in connection with the building at 70 Columbus Avenue, New York City. Are you aware of that?

Mr. Mansure. I am. I was not, Mr. Chairman, aware of the other circumstances, but I was familiar with the situation at the time. The problem was to get anybody to do the job. But I knew nothing about the previous business connections between that firm and Mr. Strobel's firm.

A year ago, because time was so important, it was a question of whether anybody would take the job in the limited period which they had to do it in. So I looked at Lawton's testimony this morning, and I honestly feel that he didn't intend to convey it the way it reads. I don't think that Lawton felt that there

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
was a specific instruction on the part of the Commissioner to give the job to these people, I think that he was trying to bring out the fact that they were qualified, and if they would do the job, give it to them.

The Chairman. Don't you think that in the light of the circumstances -- here was a superior of Mr. Lawton who was telling about the Petroff firm, it was a rush job, and they could do the rush job -- and in view of the fact that Mr. Lawton said it was an absolute instruction, that he felt that it was instructions, and that he shouldn't deal with any other firm, don't you think that was a firm command, almost, to deal with Petroff?

Mr. Mansure. Well, knowing our people I wouldn't so interpret it, because they are pretty independent. The thing was that we didn't have anyone else that showed a definite interest in taking that job, that is the problem we were up against at the time.

Of course, all of these other things have come in since then that I knew nothing about. But at that time, going back without the hindsight, and putting ourselves in the position of the negotiations then, which I was not a part of but which I heard about, here was a job that had to be done within a certain period of time, and we had to have an architectural engineering counsel on the job. Now, at one time we had that service within the Government, but due to the shortage, or due to the lag in

3) bidding during the forties, our engineering and architectural department has been greatly reduced, and we don't have that type of experience now for those rush jobs.

The Chairman. If you had known of the relationship of the Petroff firm with Strobel and Salzman, you would not have approved that job, given it to Petroff, would you?

Mr. Mansure. I would rather put it this way: If I had known it, I would have checked into it very carefully, but I still would have been confronted by the practical approach of having to give it to this firm because we didn't have an alternative.

The Chairman. But Mr. Strobel didn't disclose to you his previous negotiations?

Mr. Mansure. No, I was not in on those negotiations at the time, other than I knew the importance of them.

The Chairman. He didn't tell you that Petroff was a client?

Mr. Mansure. No; that is correct.

Mr. Fine. Would it have made any difference, in the light of the rush job?

Mr. Mansure. I am afraid that under the conditions, we didn't have any alternative. In other words, we were over the barrel on the job. But I certainly would have questioned, I will have to grant Congressman Fine I would have questioned any influence being used. And I still think there wasn't any influence used.

Mr. Fine. You still think there was not?

Mr. Mansure. There was not; yes.

Mr. Maletz. Now, Mr. Mansure, do you think that Mr.

Strobel should have notified you at the time of recommending
Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
Petroff, that Petroff was a client at that very time, of his
concern?

Mr. Mansure. I will answer your question specifically,
but I would like to preface my answer with this: that if I had
been in Mr. Strobel's place I would have done that --

Mr. Maletz. You would have done what, Mr. Mansure?

Mr. Mansure. I would have notified the Administrator.
However, his experience and my experience are entirely different.
He is a professional man, with great engineering knowledge. I
think it was a question of just not realizing the situation,
which other people with a more practical approach would have
realized.

Now, I haven't the ability in the engineering field that
he has. So, for me to say whether he should have done that at
the time, the answer would be yes. But I believe that the
reason he didn't do it is, it never entered his mind that he
should have done it.

Mr. Maletz. Was it consistent with your code of ethics
for him not to have made that disclosure?

Mr. Mansure. I would say that it was not consistent,
but again, I would like to qualify the answer. I don't think
it ever entered his mind.

Mr. Maletz. In other words, you regarded Mr. Strobel's
activities in connection with the Petroff case as naive; is that

correct? Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

Mr. Mansure. That is correct. I don't think there is anything deliberate about all of it. The job wasn't even of enough importance financially, it was a headache job to begin with, whoever took it, of course, they would make something out of it, but most of the firms weren't interested in it on account of the time limitation.

Mr. Maletz. Let me turn to the Robert and Company matter, Mr. Mansure, and specifically the selection of Robert and Company by the Public Buildings Service to draw additional plans and specifications for the United States Communicable Diseases Center in Atlanta.

Do you recall the conversation with Mr. Strobel on August 4, 1955, concerning this matter?

Mr. Mansure. Yes. That was the one that was reported in this transcript here. I read that. That is substantially correct.

Mr. Maletz. That transcript of the telephone conversation which has been introduced in the record?

Mr. Mansure. Yes. I don't recall it verbatim, but that was the gist of it.

Mr. Maletz. Do you recall telling Mr. Strobel that there was a lot of criticism about the possible selection of Robert and Company because of Chip Robert?

Mr. Mansure. Yes. I will be very frank. The criticism

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
was that the Robert firm had received a number of jobs in the past, and many people felt it should be spread around a little bit. And then, frankly, they thought he was a pretty good fund raiser for the Democratic Party. That was what the whole conversation was about.

Mr. Maletz. Who made that criticism?

Mr. Mansure. It came from the local people in Georgia, and some criticism here in Washington.

Mr. Maletz. Now, when you discussed this matter with Mr. Strobel, did you know, did Mr. Strobel advise you that his firm, Strobel and Salzman, had private business relationships with them?

Mr. Mansure. No, I did not know about that at all.

The Chairman. He didn't disclose anything of that to you?

Mr. Mansure. No, he didn't discuss that phase of it with me.

The Chairman. He didn't voluntarily offer that information?

Mr. Mansure. Mr. Chairman, I approved the letting of that contract, and I took the responsibility upon myself of this criticism. I did it on the basis that it was merely an extension of a job that had already been completed and paid for. And I was advised that it would be really unethical to bring in another architectural firm on plans that had been completed and were all ready to be worked on. I was critical about it, because, frankly, I will say that I like to see this business spread

around a little bit. I am not speaking politically, but I don't think that anyone, whether they are a Republican firm or a Democratic firm, should have all the Government business.

Mr. Maletz. Did you know, Mr. Mansure, that in March, 1954, Robert and Company had tried to steer some business to Strobel and Salzman?

Mr. Mansure. No, I knew nothing about any connections between the firm and the partnership at all.

Mr. Maletz. Do you think it was proper of Mr. Strobel not to have disqualified himself in the Robert matter?

Mr. Mansure. Well, I made that decision myself, so he really didn't -- I didn't know about the other, but I made the decision because of the unique case that it was; it was the completion of a former job, there was criticism about giving it to this firm, nothing whatsoever about their professional competency at all. So although Mr. Strobel signed the actual agreement, I made the decision, and he signed it for me.

Mr. Maletz. Do you or do you not think that Mr. Strobel should have disqualified himself completely in the Robert matter?

Mr. Mansure. Under the conditions, yes. But there again, I think he just never thought of it. I don't think he did it deliberately.

The Chairman. You say he should have disqualified himself?

Mr. Fine. He didn't.

Mr. Mansure. Yes, but practically he did, because although

he signed it, he signed it at my direction.

The Chairman. Well, do you think he should have signed it, which was a recommendation --

Mr. Mansure. Yes, he would sign it at the direction of the Administrator, because that is the function of the Commissioner of Public Buildings.

The Chairman. And don't you think he should have disqualified himself?

Mr. Mansure. I beg your pardon?

The Chairman. Nonetheless, don't you think he should have disqualified himself?

Mr. Mansure. Mr. Chairman, actually he did disqualify himself as far as a decision was concerned. All he did was carry out the mechanics of signing the contract, but he signed it at my direction. I assumed the full responsibility of it.

Mr. Maletz. Didn't Mr. Strobel send you a memorandum recommending the selection of Robert and Company?

Mr. Mansure. No, I don't recall any memorandum. If he sent it, I have forgotten it. What he did was, we discussed the ethics of the case.

The Chairman. You discussed the what?

Mr. Mansure. The ethics of the case.

The Chairman. The ethics?

Mr. Mansure. That is, bringing in another architectural firm on plans which had been drawn by -- bringing in an architec-

tural firm on plans which had been drawn by a firm which had had
Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
the contract.

Mr. Maletz. Do you recall that on August 12th, 1955 Mr. Strobel wrote you a memorandum recommending the selection of an award to Robert and Company?

Mr. Mansure. Well, he might have; I might have that memorandum, but it is very clear in my mind that he recommended them, because we discussed it on the telephone.

Mr. Maletz. Now, at page 294 of the transcript -- I don't believe you have the memorandum in your copy of the transcript -- Mr. Strobel sent to you a memorandum reading:

"During the week of August 15, I propose to call a principal of the firm of Robert and Company Associates to Washington for the purpose of negotiating a supplemental contract for certain revisions in drawings completed by them in July 1954. The revisions are within the category of additions which have been requested by the Public Health Service subsequent to the completion of the drawings.

"It would be impracticable to utilize the services of any other firm for this additional work for the following reasons:

"1. No reputable architect would take the drawings of another architect at this stage and make the changes required by the Public Health Service.

"2. If you could find a firm willing to undertake this work, the fee paid them would, of necessity, be much larger than

a fee which we would pay to Robert and Company for the identical work. Robert and Company has all the basic figures upon which they prepared their structural and mechanical designs. Any other firm taking on the project cold would be required to establish the basic figures prior to extending mechanical and structural systems already designed by Robert and Company.

"The estimated cost of the additional work which includes air conditioning, animal runs, additional elevator, emergency generator, and an extension to one of the bays is estimated to cost approximately \$488,000. This figure was included in the prospectus approved by the Bureau of the Budget and the Congressional Committees. Our fee curve indicates that Robert and Company should receive a fee of between \$23,000 and \$25,000 for this work."

Mr. Mansure. Yes, I recall the memorandum.

Mr. Maletz. Would this indicate to you that Mr. Strobel had disqualified himself?

Mr. Mansure. Well, I interpret that as purely information for me, because, as I say, in view of the circumstances, I really made the decision on that case.

The Chairman. But that is not a disqualification that you just heard; that doesn't say that "I disqualify myself for certain reasons," and then have the reasons disclosed.

Mr. Mansure. No, it is not a disqualification. But, after all, he didn't carry through the act, that is the thing.

Mr. Maletz. Well, You carried through the act, predicated upon his recommendations; is that right?

Mr. Mansure. Well, I wouldn't say recommendations, I would say I interpret those as facts of the case. I mean, I don't interpret that as much of a recommendation as the reasons for coming to the conclusion. I am not trying to evade the question, but I mean I try to take the facts on both sides and then come to a conclusion myself. I make my own decision on things of that type.

Mr. Maletz. Didn't this memorandum of August 12th, 1955 set forth reasons why in Mr. Strobel's judgment this contract should be given to Robert and Company?

Mr. Mansure. That is correct, yes.

Mr. Maletz. Under those circumstances wasn't this memorandum in effect a recommendation to you?

Mr. Mansure. Well, as I say again, I interpret it as a statement of facts and condition. And then I drew my conclusions from that. I didn't -- to be honest with you, I did not take that as a recommendation from him, as a statement of a condition of more or less expert opinion or necessity to make the decision.

Mr. Maletz. You are saying that this recommendation did not govern your final action?

Mr. Mansure. That is correct.

I was very much concerned with outside objections, that is

what I was approved for Release 2000/05/03 : CIA-RDP59-00882R000200380001-5 on that basis. I felt it was fair and just for them to have the contract.

Mr. Maletz. Now, you are familiar, Mr. Mansure, with the fact that Government officials should not prosecute claims on behalf of their private firm before Government agencies; is that correct?

Mr. Fine. Mr. Chairman, I just want to make sure I understand this. The question seems to imply that nobody could prosecute a claim for any purpose, and I don't think that is so. I think the question should be put more accurately, that is, put the fact.

Mr. Maletz. All right.

The testimony here, Mr. Mansure, has indicated that Mr. Strobel, acting on behalf of the partnership of Strobel and Salzman, prosecuted a claim before the Corps of Engineers, and specifically sought to obtain a claim for extras in the amount of \$1700. The testimony also indicates that Mr. Strobel visited a Mr. Hench, of the Corps of Engineers, several times in May of 1955 for the purpose of prosecuting that claim. And the testimony also indicates that that claim was paid, that claim was settled with Strobel and Salzman about a month later for approximately \$3,000.

Mr. Fine. And that the job was completed before he became a Government employee.

Mr. Maletz. The testimony also indicates that that par-

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
ticular job had been completed prior to Mr. Strobel assuming a Government position.

Now, do you think that Mr. Strobel's activities in that connection were proper or improper?

Mr. Mansure. Well, I have got to admit that you are a way over my head now, because, first of all, this was something that happened before he came into Government; that would influence my thinking a great deal. It immediately comes to mind, what is a person going to do if they are in Government?

Suppose I myself feel that I have an income tax refund coming, would that bar me from going to the Bureau of Internal Revenue and trying to get that money?

Mr. Maletz. Let me say this, Mr. Mansure: that the testimony has indicated a distinction between a solely-owned firm and a partnership. I don't think that it is contrary to public policy for a Government employee to prosecute a claim before the Government on his own behalf. I think there is no statute which would be contrary.

On the other hand, the statute does prohibit a Government employee from acting as agent for any firm in prosecuting any claim before any Government agency.

The Chairman. Where the individual is not the sole owner.

Mr. Maletz. That is right.

Mr. Mansure. Well, of course, now you get into the legal phase. And, of course, a partnership is the same as an individual

I understand. I don't know. That is a legal question I couldn't answer. I think from a practical standpoint, I would be very much influenced by the fact that this happened before -- this was a negotiation that happened before he came into Government.

Now, I don't see how his position in Government would influence the collection of that claim. Now, I am just speaking from a layman's standpoint. I would have to have more facts on the case as to whether he used his office to get the money from the Corps of Engineers. I don't know that.

Now, if this were a business that happened after he came into office, then my feeling would be different.

Mr. Maletz. Now, Mr. Mansure, as I understand, you have referred this entire matter on October 4, 1955, to the FBI?

Mr. Mansure. No; to the Department of Justice, because we didn't feel qualified to rule on that.

Mr. Maletz. The Department of Justice has referred the entire matter to the FBI?

Mr. Mansure. Yes.

Mr. Maletz. What was the basis of your sending this entire matter to the Department?

Mr. Mansure. It is our regular procedure, where we feel that it comes into a -- where we have a case which we feel we are not in a position to pass judgment on, we do it also to protect the Government and the agency's position, too.

The Chairman. Why did you see the need to protect the Government in this regard? What actuated it?

Mr. Mansure. Because of all of this discussion regarding conflict, which we wanted to clear up.

The Chairman. Discussion by whom and with whom?

Mr. Mansure. Well, the discussion commencing in the press, when I first heard about this, the discussion within our own Department, the conflicting opinions among our people as to what was right and what wasn't right. And therefore we referred it to the legal branch of the Government.

The Chairman. You felt that there was some doubt as to whether it was right or wrong?

Mr. Mansure. That is correct. We wanted to be sure one way or the other, that is the way which we try to operate, with everything on top of the table.

The Chairman. Couldn't it have been resolved by your counsel?

Mr. Mansure. Well, that is an easy and a hard question. You see, this is a matter of our Division of Compliance. We have very definite division responsibilities. And the Compliance Division feels that there is a certain procedure that they must follow, and in this case I felt that I yielded to the feeling of Compliance rather than to Legal. And I believe that Legal probably could have decided on it, but it wasn't put up to Legal.

The Chairman. And did the Legal advise you that it should be referred to the Department of Justice?

Mr. Mansure. I don't know.

Did Compliance check with counsel?

Mr. Elliott. No, they did not check with me. But, on the other hand, they do not customarily check with me on cases of this type.

The Chairman. Isn't it rather unusual to refer a case of this character to the Department of Justice? Didn't you feel that there was something unusual about it?

Mr. Mansure. No. We refer cases whenever there is a question of doubt as to ruling. Sometimes it can be made very quickly, because we feel that that is part of the functions of the Department of Justice.

The Chairman. When you say "doubt," what do you mean by "doubt?" Doubt as to what?

Mr. Mansure. Where there is a question in our mind as to whether we -- well, we have had several cases that we have referred lately, we have referred this little jurisdictional dispute on building construction, because we feel that we are prejudiced. We have our feeling on it, and we want to have the third party, the appeal, considered.

The Chairman. The question of jurisdiction between the Departments is quite different from something that the Department of Justice feels should be referred to the FBI.

Mr. Mansure. Let me say this, Mr. Chairman: that Mr.

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

Strobel is completely convinced, I believe, in his own mind that there is no conflict of interest.

The Chairman. I believe that, too.

Mr. Mansure. And I feel that his personal integrity and conscientious -- I feel that he is completely convinced himself of that. What we don't want to do, we don't want to put ourselves in the position of questioning an individual's integrity; it is a question of judgment. That is one thing, but integrity is another. And for that reason Compliance felt that we should check to see whether there was a legal violation. There may be an ethical violation or an operational violation, but there is quite a difference, in my mind, between the three. One is a question of judgment, and another is a question of intent.

The Chairman. Well, if you felt that there was an ethical violation, what would you do with reference to Mr. Strobel?

Mr. Mansure. Well, there would be one thing there. You can't hold a position with the responsibility that a Commissioner entails in Government and serve two masters, you can only serve one. You have got to make up your mind who you are going to work for. I had to do that. It was hard for me to make the decision, and I made the decision, and I work for one master, the Government, now.

Mr. Rodino. Mr. Mansure, did not this question arise in

your mind at the time that you knew of the reservation that had been entered by Mr. Strobel on the code of ethics form?

Mr. Mansure. No; the reservation was his interest in his partnership. You see, I did not know that there was any actual operations within the company. From the very beginning, the only question in our discussions was whether he was going to retain his financial interest in the partnership -- I don't know whether it was a partnership or corporation -- partnership, I guess it is.

I feel very strongly on that, that you just can't have people just give up all income they may have in order to serve the Government, providing they are qualified to do it. And I feel Mr. Strobel is eminently qualified for this position, that is, from a professional standpoint.

Now, when you carry on your business activities, that is an entirely different thing, and that was not the reservation in the conflict of interest.

Mr. Rodino. In other words, you saw in that reservation no actual conflict of interest between Mr. Strobel's maintaining his position with the partnership --

Mr. Mansure. No. His financial interest in the company, but not activity within the company; there is quite a difference between those two.

Mr. Rodino. You did not, after you saw those reservations, though, on that code of ethics, discuss it further or

enlarge upon it with Mr. Strobel?

Mr. Mansure. No. And the reason we asked for the list of firms was to be helpful to him, so there would be no conflict. That was the only reason we wanted that list of firms; we didn't think there was a conflict when we asked for it, but we felt that something might happen outside of Washington, in some region, some firm might have done business with him, unknown. And so we weren't critical at the time, but wanted to be helpful.

Mr. Fine. Isn't it a fact that the reason you sent it to the Department of Justice in the final analysis, was to obtain an objective opinion?

Mr. Mansure. That is correct, to see whether there was any criminal violation.

Mr. Fine. So you wouldn't be personally involved, or your office, because of the close relationship with Mr. Strobel?

Mr. Mansure. That is right.

And I, furthermore, didn't think I was qualified to pass judgment on it; I wanted to get more expert opinion.

Mr. Rodino. In other words, at that time you had formed no opinion or conclusion as to the justice?

The Chairman. I am afraid the committee will have to take an adjournment until 2:30.

We will resume at 2:30.

(Whereupon, at 1:35 o'clock p.m., a recess was taken, to reconvene at 2:30 o'clock p.m. of the same day.)

Official Verbatim Transcript
Of Hearings Before Special Subcommittee
of the Judiciary Committee of the
House of Representatives in Connection
With Its Study of The Anti-Trust Laws.

Monday, October 31, 1955

Afternoon Session



Published by
THE BUREAU OF NATIONAL AFFAIRS, INC.
1231 24th Street, N. W. Washington (7), D. C.

C O N T E N T S

TESTIMONY OF

PAGE

John E. Hill, -- (resumed) Director of Compliance Division, General Services Administration	416
Sol Schwarz, -- (resumed) accompanied by: Peter Strobel and Roger Robb, counsel	421
Edmund F. Mansure, Administrator, General Services Administration; accompanied by: Maxwell H. Elliott, General Counsel, General Services Administration	502
(AFTERNOON SESSION - p. 547)	
Edmund F. Mansure, -- (resumed) accompanied by: Maxwell H. Elliott	547
Joe E. Moody, Assistant General Counsel, General Services Administration	619
Harold Rhind, Attorney, Corps of Engineers, Department of the Army	637
Harry B. Zackrison, Chief, Engineering Division, Corps of Engineers, Department of the Army	641
Howard Williams, Chief, Specification and Estimating Branch, Engineering Division, Military Construction, Corps of Engineers	645
F. Mason Manley New Brunswick, New Jersey	657
Burnside R. Value, 101 Park Avenue, New York 17, New York.	660
Peter A. Strobel	664

AFTERNOON SESSION

2:30 p.m.

The Chairman. The committee will come to order.

TESTIMONY OF EDMUND F. MANSURE -- (RESUMED)

ACCOMPANIED BY MAXWELL H. ELLIOTT.

Mr. Maletz. Mr. Mansure, did there come a time when you asked Mr. Moody, Counsel for the Public Buildings Service, to review all agency files in GSA concerning a possible conflict of interest on the part of Mr. Strobel?

Mr. Mansure. That is correct, yes, sir.

Mr. Maletz. Do you recall getting a memorandum from Mr. Moody dated September 1, 1955?

Mr. Mansure. I remember the memorandum. I am not sure of the date. But I recall it.

Mr. Maletz. I show you a three-page document and ask you whether this is a true and accurate copy of a memorandum that you received from Mr. Moody?

Mr. Mansure. This is not the one that I had, but I believe it is the supplement to it, yes.

Mr. Maletz. That is a copy of the memorandum which you received from Mr. Moody?

Mr. Mansure. Yes, that is correct. But you see, there was a prior memorandum on the 29th. This is a supplementing memorandum of August 29th. That is the one that I had in mind.

Mr. Maletz. Well, let me direct your attention to this

memorandum, and we can discuss the supplemental memorandum.

Mr. Elliott. Excuse me, Mr. Maletz. This is the supplemental memorandum.

Mr. Mansure. Yes.

Mr. Maletz. Mr. Mansure now has the supplemental memorandum?

Mr. Elliott. That is correct.

Mr. Mansure. That is correct, yes. I received the original one on the 29th. That is the one I had reference to.

Mr. Maletz. May I have that back?

Mr. Mansure. Yes.

Mr. Maletz. Do you happen to have the memorandum, the original, with you, Mr. Mansure?

Mr. Mansure. No, I do not. I didn't know that was going to come up. We could get it, but --

Mr. Maletz. Now, this is a memorandum for the Administrator re conflict of interest -- P. A. Strobel, dated September 1, 1955:

"Supplementing memo of August 29, have reviewed Compliance file on Mr. Strobel and his personnel file in Office of Management as instructed.

"Compliance file discloses:

(1) memorandum of June 24, 1954, from Compliance to Personnel advising that in accordance with Sec. 3(b) of E. O. 10450 a full field investigation has been completed and security clearance was given for Strobel to occupy sensitive position

Mr. Keating. May I interrupt, please? Is this a memorandum delivered by one of the counsel for General Services Administration to the Administrator of General Services Administration, in which the relationship of attorney and client existed, and does counsel propose to read this memorandum into the record? I am not disposed to object, but I certainly would consider it a highly irregular proceeding, if that is the fact.

The Chairman. We received this from Mr. Mansure's office, did we not? Is that not right, Mr. Counsel?

Mr. Elliott. Yes, sir, that is correct. You got it from our Compliance Division.

Mr. Maletz. Was that not done on Mr. Mansure's instructions?

Mr. Elliott. I could not answer that, Mr. Maletz.

Mr. Maletz. And did not Mr. Mansure tell you to make the files of GSA available to this committee?

Mr. Elliott. That is correct, yes, sir.

Mr. Mansure. Yes.

Mr. Keating. Did you construe that as meaning that you should make available confidential memoranda from an attorney to his client?

Mr. Elliott. The client in this case, sir, is the Administrator of General Services.

Mr. Keating. That is Mr. Mansure?

Mr. Elliott. Yes, sir.

Mr. Keating. And did you understand that instructions included the delivery of a document prepared by an attorney, a confidential memorandum for his client?

Mr. Mansure. No, I did not understand that. But I would like to ask Mr. Moody if there is anything of conflict in that that was restricted to counsel, because I am not familiar with the entire document, offhand.

No, Congressman. It was just a review of the files. It is all right. It was a review of the files just as it was, and the files were made available. So it was merely a recap of the whole procedure.

Mr. Keating. All right. I do not know what is in it, and I have no disposition to object.

Mr. Mansure. I want to check to make sure. I appreciate it very much.

Mr. Keating. And if the Administrator, who is the client in this case --

The Chairman. Well, the Government is the client.

Mr. Keating. The Administrator is acting for the Government, and the Government is not a person.

The Chairman. In any event, I do not want to raise a technicality. The privilege is waived, because we were permitted to see the contents of it. We have it.

Mr. Keating. I am not objecting to any of it. What I am

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
particularly calling attention to, in light of the statement of the Administrator, is that he sees no objection to it because he is the one that normally would raise the question if anyone did.

Mr. Mansure. That is right.

Mr. Keating. I am just calling attention to the fact that it is unusual, in my experience, to hear read an opinion delivered by a counsel to his client. Now, ordinarily that is a matter of privilege.

Mr. Elliott. Congressman Keating, this is not an opinion, sir. It was prepared by Mr. Moody of my staff and it is a recital of the facts to the Administrator. It is a recounting of the facts as he found them in the files. It is a brief summary or recap, and not an opinion.

Mr. Keating. I see.

Mr. Mansure. It is not an opinion.

Mr. Maletz. Continuing the reading of the memorandum:

"Extensive investigation preceded issuance of this memo but was directed toward security aspects rather than conflict of interests.

"(2) Strobel first declined to sign Standards of Conduct statement.

"(3) Strobel did sign Standards of Conduct statement on December 27, 1954; at bottom of which is notation: 'see my memo re paragraphs #4 and #6; PAS'. Paragraphs 4 and 6

referred to cover 'Outside Employment' and 'Outside Connections.' (Excerpt attached) Memo referred to in notation appears to be memo of 12/29/54 (copy attached) addressed to the Director of Personnel by Strobel declaring his outside interest in firm of Strobel and Salzman; stating that the firm will not directly or indirectly do any work connected with GSA; and stating that he had relinquished active management of the firm.

"(4) memorandum to file dated August 26 signed by Shacklette states that Strobel was urged on December 27, 1954, and again on August 9, 1955, to permit Special Agent to obtain list of Strobel and Salzman clients by examination of company records or at least that Strobel submit such a list. This memo does not expressly state that Strobel refused either request but clearly so implies and as far as I can learn list has not been made available.

"The Personnel file contains nothing of significance regarding the conflict of interest question in addition to that mentioned above."

Mr. Kenting. What is that man's name? Shacklette?

Mr. Mansure. That is correct, yes.

Mr. Maletz. Now, did you instruct Mr. Moody to review these agency files?

Mr. Mansure. Yes, I did.

Mr. Maletz. What was the occasion for your finding that

Mr. Mansure. Well, I wanted to be brought up to date on the whole situation, and, of course, at that time we were always desirous of getting this file of firms in order that we might be helpful to Mr. Strobel on it. That was about the gist of the whole thing.

The Chairman. Helpful to Mr. Strobel?

Mr. Mansure. Yes, in case there would be any conflict. I talked about that this morning. You remember, the desire that we did not question the clients, but we wanted to know the list of the clients so that we could prevent any conflict if there were, of people bidding on business.

Mr. Maletz. Why would this be treated as a conflict of interest? The memorandum is captioned "Conflict of Interest."

Mr. Mansure. Well, that is very easily explained. This occurred after some of the press had talked to me about the situation. So we just referred to it as a conflict of interest. That was just the name that was given to it.

The Chairman. Were you concerned about the possible conflict of interest when you read something about it?

Mr. Mansure. Yes, sir, Mr. Chairman. That is why we were going into it.

Mr. Keating. "Some of the press"? You mean Mr. Drew Pearson?

Mr. Mansure. No. He was out of the country, I believe, at

the time. He did not talk to me about it.

Mr. Keating. His representative?

Mr. Mansure. Well, there were a couple in the press that talked about it, yes.

Mr. Maletz. I take it that what happened is that you then instructed Mr. Moody to assemble for your information all material in the agency concerning Mr. Strobel?

Mr. Mansure. Yes. He was to coordinate it from Legal and from Compliance, and so forth, so that I could review the whole matter; that is correct.

Mr. Maletz. Now, do you recall Mr. Moody's original memorandum?

Mr. Mansure. Yes. That is the one I thought you had reference to in the beginning. That is why I was confused.

Mr. Maletz. I show you a document dated August 29, 1955, purporting to be a memorandum of the Administrator, subject: Conflict of Interest -- P. A. Strobel, and ask you whether this a true and accurate copy of the memorandum you received from Mr. Moody.

Mr. Chairman, I offer in evidence Mr. Moody's memorandum to the Administrator dated September 1, 1955, with two attachments.

Mr. Mansure. I would just like, if I may, Mr. Chairman, to ask Mr. Strobel if he has any objection to this, because this was more or less from the standpoint of counsel.

Mr. Robb. May I speak for Mr. Strobel on that, sir?

The Chairman. I do not quite get what the answer was.

What is it, Mr. Mansure?

Mr. Mansure. I was wondering, Mr. Chairman, if I could ask Mr. Strobel, because this was more or less on the basis of counsel to me on the matter for my information. I was just wondering. It has been reviewed.

The Chairman. Mr. Mansure, we already have that document. It is available to us. If there is any privilege, or if there had been any privilege, that privilege has been waived. This is not a case of divulging confidential information as between Mr. Strobel and his lawyer or between you and your lawyer. The attorney, if there is an attorney involved, is for the Government, and neither Mr. Mansure nor anybody else --

Mr. Mansure. This is correct, then.

Mr. Keating. You mean the relationship of attorney and client does not exist between the head of a Government Agency and counsel for that agency?

The Chairman. It all depends upon the circumstances. But I do not think it is a case of an attorney relationship here. But in any event, the privilege has been waived.

Mr. Keating. I agree it has been waived. Now, I would like to know who delivered this document to this committee.

Mr. Mansure. Congressman, we have a policy in GSA which we have practiced, at least for the past two and a half years,

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

of making available all of our files to any of the Congressional Committees except restricted data for the stockpiling program or some of that, which Congress has specifically restricted, themselves, to the executive branch.

Mr. Keating. For that I highly commend you.

Mr. Mansure. It is just a general policy that we do that.

Mr. Keating. It is a very excellent policy, and I have been, as chairman of a committee, the victim of the exactly opposite policy.

Now, I commend you highly for that. And your directions were to turn over any documents, and you transmitted these documents, as I understand it, to counsel for the agency?

Mr. Mansure. That is correct, yes.

Mr. Keating. Now, did counsel construe that as meaning that he was to deliver to this committee confidential opinions given by him to the Administrator?

Mr. Elliott. For the record, I would have so construed it, but in this case, counsel did not deliver this document to the committee.

Mr. Keating. Well, how did we get it then? How did counsel for the committee get it?

Mr. Maletz. I can give you the chronology.

About September 11th or 12th -- and I can give you the exact date -- I spoke to Mr. Elliott about two matters. One of the matters involved Mr. Strobel. I then asked Mr. Elliott

ws11

557

whether the committee could get access to the files of GSA concerning Mr. Strobel. Mr. Elliott said that he thought the committee could, but he would like to check with Mr. Mansure.

ws21

I then indicated to Mr. Elliott that I would return to the office and consult with my superiors on the committee and get in touch with him later that day. I did communicate with superiors on the committee and got in touch with Mr. Elliott --

Mr. Keating. By "superiors," you mean the Chairman?

The Chairman. Yes, the Chairman.

Mr. Keating. Just make it singular: One superior.

Mr. Maletz. I then called Mr. Elliott back and said that the committee would appreciate access to GSA files.

Mr. Elliott, as I remember, said that he would check with Mr. Mansure and call me back within a half hour. Mr. Elliott then called me back and said that he had spoken to Mr. Mansure and that the files would be available.

On the next day, I spoke to Mr. Moody, Counsel for the Public Buildings Service, and I believe Mr. Elliott was there for part of the discussion. As I recall, that discussion was on September 13th. Mr. Moody then arranged an appointment for me to see Mr. Strobel, which I did at about 11 o'clock on September 13th. That interview lasted, I should say, until about 2 or 2:30.

At the end of my interview, I asked Mr. Strobel whether he would make available to the committee his files concerning

this matter. He said that he would. And I believe I saw the files that afternoon or the next morning.

In addition, as I recall now, I spent the next two days examining certain files in an anteroom or in an office adjoining Mr. Strobel's office. They were files in the Commissioner's office.

Several days later I went to the Corps of Engineers and had an interview with Mr. Berry, the Deputy General Counsel of the Department of the Army, and several people in the Corps of Engineers. Mr. Moody, Counsel of PBS, accompanied me to that meeting.

Then I asked Mr. Moody for all contracts entered into between GSA and clients of Strobel & Salzman. Mr. Moody said that he would undertake to have such a list prepared.

About three or four days later, I think I had further discussion with Mr. Moody, and Mr. Moody informed me that the Office of Compliance of GSA would act as liaison with the committee on the Strobel matter, and from time to time, I have requested in behalf of the committee various documents concerning the relationship between clients of Strobel & Salzman and Public Buildings Service.

In addition, I went to New York, and Mr. Schwarz was good enough, at Mr. Strobel's instructions, to make available all files in that firm concerning Mr. Strobel's activities.

I believe, Mr. Congressman, that that summarizes the events

as I recall them as of this moment.

Mr. Keating. All except the question that I asked: Who delivered the document in question to the committee?

Mr. Maletz. I beg your pardon. I can explain that. I think, if my memory serves me correctly, that on the morning of September 13th, Mr. Moody showed me all the files in the agency that he then had in his office concerning Mr. Strobel. I think it was Mr. Moody, if my recollection serves me correctly.

Mr. Keating. It was Mr. Moody who delivered this document in question?

Mr. Maletz. Yes.

Mr. Mansure. That is correct, as I recall. The only reason I questioned this at all was that this was not really, or this was in no way supposed to be a legal opinion. It was just a review of the findings at that time, without any substantiating as to their correctness.

I did not know whether there was anything in here on this preliminary review that the facts might have changed in the case. That is the only reason I hesitated on introducing it. I do not know whether we have checked this for being factually correct. That was my question.

The Chairman. If there is any explanation you want to make subsequent to the reading, I will have Mr. Maletz read the document now.

Mr. Mansure. No. I just meant that Mr. Moody prepared

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
this for me really on the basis of a very quick perusal of it, and so if he has expressed any opinions in here, they are not a legal opinion. They are more or less, as you say, a curbstone opinion on the law.

The Chairman. We will have to get at that when we hear it completed.

Let us have it back, Mr. Mansure.

Mr. Mansure. Pardon me.

Mr. Maletz. This is a true and accurate copy, is it, Mr. Mansure?

Mr. Mansure. That is correct, yes.

Mr. Maletz. Mr. Chairman, I offer the document from Mr. Moody to Mr. Mansure dated August 29, 1955, in evidence at this point.

The Chairman. Accepted.

(The memorandum of August 29, 1955, and the supplemental memorandum of September 1, 1955, referred to, are as follows:)

Mr. Maletz. This is entitled "Conflict of Interest --

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

P. A. Strobel." It has a heading. "Memorandum For the Administrator." It reads as follows:

"Although my recollection of the matter is not exact and I have no notes from which my memory can be refreshed, according to my best recollection the occurrence of events and my knowledge in this matter is substantially as follows:

"Some time in the latter part of 1955 Mr. Strobel discussed with Mr. Elliott and myself attached letter, dated August 4, 1954, which the firm of Strobel and Salzman had received from the Corps of Engineers."

That is Exhibit No. 1. Possibly I should read Exhibit 1 at this point.

Mr. Keating. Now, I wonder if that is correctly stated to be the latter part of 1955, when he discussed this letter of August 4, 1954, and since this memorandum is dated August 29, 1955.

Mr. Elliott. No. I am sure this is a typographical error.

Mr. Maletz. It should be some time in the latter part of 1954, I should imagine.

Mr. Keating. I should imagine so.

Mr. Mansure. I think that is correct.

Mr. Elliott. I can answer as to that. There was a typographical error in the making of some copies, one set of copies of that memo, and the girl put in that early date there a "5"

where she should have put a "4." The original memorandum --

Mr. Keating. This is a series of copies of the original, then?

Mr. Elliott. Yes.

Mr. Maletz. This is Exhibit 1, dated 4 August 1954, letter from H. B. Zackrison, Chief, Engineering Division, Military Construction, to Strobel and Salzman, 70 West 40th Street, New York 18, New York:

"Gentlemen:

"Reference is made to the recent appointment of Mr. Strobel as Public Buildings Commissioner and to the announcement by your firm that during his tenure of office your organization would be under the direction of Mr. Salzman:

"The architect-engineer information form submitted in connection with recent modification to Contract No. DA 49-129-Eng-350 indicates Mr. Strobel as a partner. Inasmuch as Mr. Strobel is now in Government service, it is necessary to ascertain whether during his leave of absence from your company he has disassociated himself from all future partnership profits resulting from Government contracts including the Army Hangars contract.

"Your early reply will be appreciated."

Continuing with Mr. Moody's memorandum:

"During this discussion Mr. Strobel gave us his version of his connection with the firm of Strobel and Salzman.

"As I recall it, Mr. Strobel's situation, as outlined by him, was substantially as follows:

1. He was the full and complete owner of the company to whom all company net earnings from all sources accrued.

"2. Mr. Salzman was a partner in name only and, in fact, was a salaried employee under contract.

"3. Mr. Strobel had disassociated himself from active participation in the conduct of the affairs of the company but consulted with Mr. Salzman outside of official Government hours of duties and intended to continue to do so during his tenure as Commissioner of PES.

"4. The Company held Contract DA-49-129-Eng-305 with the Corps of Engineers which was entered into prior to the date he assumed duties as Commissioner of PBS and his company held other contracts with the Corps of Engineers and was subcontractor for or otherwise associated with other firms who had contracts with the Corps of Engineers.

"5. His company intended to continue to compete for other prime and subcontracts with the Corps of Engineers and other Government agencies except GSA during the period of his tenure as Commissioner of PBS, but that he personally did not intend to act in such matters in behalf of his company.

"6. His company has no contracts of any nature with GSA and would not compete for nor accept any such contracts during his tenure as Commissioner of PBS.

"Mr. Elliott and I advised Mr. Strobel tentatively, and based upon his recitation of the facts, that we doubted whether he was in violation of the so-called 'conflict of interest' statutes. His particular concern at that point was whether he was a 'Resident Commissioner' within the meaning of the so-called 'officials not to benefit' clause (18 U.S.C.A. 231) included in his contract with Corps of Engineers. In our judgment he was not and we so advised him.

We tentatively advised him further, however, that there did appear to be a question of ethics and public policy involved and that his situation possibly was in conflict with the attitude of Congress as reflected by their action in regard to certain officials of private corporation then recently appointed to public office. The Corps of Engineers' letter also raised a question as to whether there were Department of Defense regulations on the subject.

"We emphasized that our advice was tentative and informal pending receipt of his written statement fully disclosing all pertinent facts and we suggested to Mr. Strobel that he prepare a complete statement of his company relationships and his dealings with the Government and submit same to the Corps of Engineers in response to their letter.

"We further agreed to discuss the matter informally with Mr. John Adams, then General Counsel of the Army, and with Assistant Attorney General Lee Hankin, Department of Justice.

"We advised Mr. Strobel that, of course, he should not

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

personally participate in any negotiations with the Corps of Engineers or other Government agency to secure contract work or otherwise in behalf of the firm of Strobel and Salzman and we stressed the importance of this.

"Mr. Elliott subsequently discussed the matter informally with Mr. John Adams. According to Mr. Elliott's recollection, Mr. Adams felt that it would be helpful to a decision as to the action to be pursued if Mr. Strobel would prepare a complete written statement of his relationship with the company of Strobel and Salzman. We so informed Mr. Strobel. At Mr. Strobel's request, I prepared a rough outline draft of such a statement setting forth the facts as he had related them to me as best I understood them, which I gave to him for his use in preparing the requested statement in final form. Attached as Exhibit 2 is a copy of that draft."

Mr. Chairman, I will now ask to read this Exhibit 2:

"STATEMENT

"The firm of Strobel and Salzman, Architect-Engineers, 70 West 40th Street, New York, is wholly owned by the undersigned. Mr. Salzman is a contract employee whose duties and responsibilities are fixed by the contract and with whom, pursuant to the employment contract, a financial settlement is made once each year upon the basis of company net earnings. All other company net earnings from all sources accrue wholly to me.

"The company holds Contract No. DA-49-129-Eng.-305 with the Corps of Engineers, Department of the Army. The contract was entered into prior to July 1, 1954, the date I assumed duties as Commissioner, Public Buildings Service, General Services Administration. My company also hold other prime contracts with the Corps of Engineers and is sub-contractor to other contractors with the Corps of Engineers and its intention is to compete for other prime and subcontracts with the Corps of Engineers and other government agencies other than GSA.

"While Mr. Salzman is responsible to me for the active day to day administration and conduct of the company business including the performance of the government prime and subcontracts, the primary company responsibility is mine and I confer and consult with Mr. Salzman (outside of my official government hours of duty) as may be necessary to assure the proper performance of company business and I intend to continue to do so during my tenure as Commissioner, PBS.

"My company has no contracts of any nature with the General Services Administration and will not compete for nor accept any such contracts during my tenure as Commissioner, PBS.

"As Commissioner, PBS, I have no responsibility, direct or indirect, for the conduct of any of the affairs of government agencies with which my company holds contracts and, of course, I would not conduct company business during official working

hours nor use or seek to use any knowledge, information, acquaintance, etc., acquired by me in the performance of my official duties to the advantage or for the benefit of my company in its dealings with the government."

The Chairman. Is that letter signed by Mr. Strobel?

Mr. Maletz. No, it is not signed.

The Chairman. What is that?

Mr. Maletz. That is attached as Exhibit 2. That was a draft prepared by Mr. Moody, as I understand it, on the basis of his discussions with Mr. Strobel.

Continuing with Mr. Moody's memorandum:

"During the course of our discussions with Mr. Strobel, he told Mr. Elliott and myself that he had made a complete disclosure of his situation to Administration officials prior to his appointment and was advised that his situation was perfectly prepared and that no change therein was necessary incident to his appointment.

"At about this same time Mr. Strobel was requested to sign the so-called 'conflict of interest' statement and this was discussed by him with Mr. Elliott and myself. He was advised that a statement fully disclosing his private situation and his dealings with the Government (we had in mind a copy of the statement he was supposed to prepare and submit to the Corps of Engineers) should be attached to the 'conflict of interest' which he should sign subject to such disclosure. It was our

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
thought that this statement, verified to the extent considered necessary, would form the basis for an official opinion in the matter.

"The statement was never submitted to Mr. Elliott or me.

"After some time passed, without further developments to my knowledge, I inquired of Mr. Strobel as to what, if anything, he had done about the problem. Mr. Strobel informed me that he had conferred with his advisers and had decided upon a course of action somewhat different than had been discussed with Mr. Elliott and me. He did not disclose what that course of action was. Since that time neither Mr. Elliott nor I have been consulted by Mr. Strobel or by anyone else in this regard.

"Neither the question of whether his personal situation was in conflict with his official interests nor the full facts upon the basis of which a legal opinion could be formulated has been presented for our official consideration until Friday, August 26, 1955, at which time Administrator Mansure requested us to ascertain the full facts and advise him which we will proceed to do upon Mr. Strobel's return to the office.

"I have reviewed the substance of the foregoing with Mr. Elliott who tells me that his recollection coincides, generally, with mine."

Now, Mr. Mansure, you requested Mr. Moody and Mr. Elliott to ascertain the full facts; is that correct?

Mr. Mansure. That is correct, yes, sir.

Mr. Maletz. Does this memorandum, in your judgment,

represent the full facts concerning this matter?

Mr. Mansure. It represents the full facts up to that time, but why I hesitated on that -- I call your attention to the first paragraph, "Although my recollection of the matter is not exact," and the fourth paragraph, "As I recall it." That is what I meant, that these were not opinions.

Then on the second page, the third paragraph, "We emphasized that our advice was tentative." And on the last page, the first paragraph, "It was our thought that this statement, verified to the extent considered necessary" -- it was merely a review for my information, and they did not intend this in any way to be an opinion on their part as counsel to me.

Mr. Maletz. Is it correct that the full facts concerning this matter are now being investigated by the FBI, rather than by GSA?

Mr. Mansure. Now, I cannot answer that question because I do not know what the answer to it is. We have, as I said before -- we turned it over to the Department of Justice, which in turn turned it over to the FBI. Now, how much of an investigation they are going over, I don't know. We asked them for a review and for an opinion, the Department of Justice.

The Chairman. Are you continuing your own investigation?

Mr. Mansure. No. When we turn it over to Justice we

discontinue our investigation. In other words, we take it out of our Compliance Division.

Mr. Maletz. I take it, if I understood you correctly this morning, you turned it over to Justice, and Justice has turned it over to the FBI; is that correct?

Mr. Mansure. Yes.

Mr. Maletz. Now, does the FBI have jurisdiction with respect to administrative conflict of interest problems, assuming no law violation is concerned?

Mr. Mansure. We want to know that there has been no law violation. That is what we want to know, and find out.

The Chairman. Do you think in the light of what you have heard that there is a violation of your code of ethics that you promulgated?

Mr. Mansure. I would want to hear all the testimony first and be able to review it.

The Chairman. I don't understand why, up to this point, regardless of what may appear up to this point or heard later on -- do you think the code has been violated from what you have heard?

Mr. Mansure. I think there has been some question in the amount of information that has been given to me, Mr. Chairman; yes, I do.

The Chairman. I did not get your answer. You say that there is a violation?

Mr. Mansure. I don't know whether there is a violation, but I feel that there is information of occurrences which I did not know about. Now, whether those acts would be a violation of the Code of Ethics, that is what I would have to review now in my mind. I don't --

The Chairman. Does this additional information that you have received make the case worse or better?

Mr. Mansure. Just some of the testimony this morning was things that I had not heard about before except just by name.

The Chairman. What testimony --

Mr. Mansure. The question in my mind was whether it was intent. For example, we were talking about one of the architects on this New York job. I have had the feeling that that was an unusual case which was a question of time, as I testified this morning.

Mr. Keating. That is the Petroff case?

Mr. Mansure. That is right, yes. And I would want to review it now to find out whether those were the particulars or whether the Regional Deputy intended really to convey the fact that he was ordered to do this or not. I don't feel from what I have heard up until now that it was a definite instruction to favor one firm or the other. I think the instruction was to get the job done.

The Chairman. In addition, you had not heard up until this morning, as I take it, that the Petroff firm had given

four different contracts to Strobel and Salzman?

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

Mr. Mansure. No, I did not know anything about that. As a matter of fact, I really did not know the name of the firm up until these hearings started. I just knew there was a firm to do the job.

The Chairman. And the fact that Strobel and Salzman were the beneficiary of four different contracts from Petroff --

Mr. Mansure. I knew nothing about that, no.

The Chairman. The fact that Strobel and Salzman was the beneficiary of four different contracts, that would make a difference in your own mind in judging this case?

Mr. Mansure. I would certainly, surely want to go into it and find out just what was involved in the situation.

Mr. Maletz. Mr. Mansure, couldn't Mr. Strobel have instructed Mr. Lawton, Deputy Regional Director, to return to New York that night, August 26th, and get an architect the next morning? Would that not be possible?

Mr. Mansure. You mean some other architect or just an architect?

Mr. Maletz. To get an architect, and leave the question as what architect with Mr. Lawton?

Would that not --

Mr. Keating. Both Lawton and Strobel say that they did leave it with Mr. Lawton.

Mr. Mansure. That is the question. That is the thing that

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
I cannot reconcile, because I don't know what he told him.

My opinion is, which is merely a supposition, that that is what he intended to convey to the Deputy.

Now, according to the testimony, the Deputy does not explain it in that way. I do not know what Mr. Strobel told the Deputy. I am still under the impression that his intent was to go back and get an architect to get this job done.

The Chairman. The best one to tell what was intended was the man who heard the conversation. You did not hear it.

Mr. Mansure. No.

The Chairman. Mr. Lawton heard it.

Mr. Mansure. That is right.

The Chairman. And his impression was that this would fall in the nature of instructions.

Mr. Keating. Now, you cannot say that at all.

The Chairman. Wait a minute, please.

Mr. Keating. You cannot possibly say that.

The Chairman. Wait a minute.

Strike that out of the record, what the gentleman from New York has stated.

Mr. Keating. Leave it in the record.

The Chairman. Who is the Chairman? You or no?

Mr. Keating. I am entitled to have it in the record and let this record show that you said to have it stricken out, and I said to leave it in.

The Chairman. Have it stricken out.

Mr. Keating. Every word will be in the record.

The Chairman. Mr. Mansure, the man who can testify as to what was stated is the one who heard the conversation, and the testimony is to the effect -- we can read it again if you wish -- the testimony was to the effect that there may not have been any absolute instruction, but that he took it to be an instruction to higher the man, Petroff, as the architect.

Mr. Keating. I suggest you do read the record, and not accept that as the statement.

The Chairman. We can read it.

Mr. Keating. And all of it; not just part of it, as you tried to do this morning.

The Chairman. Now, wait a minute, Mr. Keating.

Mr. Keating. You did not, but the counsel did.

The Chairman. That is an unfair statement.

You are going pretty far afield on this matter.

Mr. Keating. Just as he did in this memorandum --

The Chairman. Please.

There is only one man in the driver's seat, and not two or three, and I say that we will read the entire record. The entire record was read this morning. We will read it again for your edification.

Mr. Keating. I call the Chairman's attention to the fact that when this memorandum was read, which was used in cross-

examination, the paragraph in it was left out which said, "Mr. Elliott and I advised Mr. Strobel tentatively and based upon his recitation of the facts that we doubted whether he was in violation of the conflict of interest statute."

In other words, we are reading here just those parts which show one side of this controversy.

The Chairman. Read the record.

Mr. Keating. All I am insisting on is that we show the whole controversy.

Mr. Maletz. Do you want me to read, Mr. Chairman, Mr. Lawton's entire statement?

The Chairman. Yes. I just want to say that the gentleman from New York is very anxious to get home tonight. So he cannot believe me --

Mr. Keating. I am not anxious to get home. I want to get the record. I will sit here as long as the Chairman will.

The Chairman. If the gentleman from New York would not be so testy and intemperate, we might get somewhere.

The gentleman from New York, Mr. Fine, is very anxious to get home.

Mr. Keating. I will be very glad to cooperate.

The Chairman. If we read all these things in the record, it is going to take time. Now, when I tell Mr. Fine that it is going to take a little effort, I want to get this cleared up.

Mr. Maletz (Read 1280) 05/03 : CIA-RDP59-00882R000200380001-5

"TESTIMONY OF EDWIN H. LAWTON -- Resumed", on page 321:

"The Chairman. You were sworn yesterday.

"Mr. Maletz. Mr. Lawton, have you prepared a detailed statement concerning your knowledge of the selection of Petroff and Chapman, Evans and Delahanty?

"Mr. Lawton. I did.

"Mr. Maletz. Do you have the statement before you?

"Mr. Lawton. I do.

"The Chairman. Would you care to read it?

"Mr. Lawton. Read the entire statement?

"The Chairman. Yes, sir.

"Mr. Lawton. I, Edwin H. Lawton, make this statement in order to clarify my answers to questions by Herb Maletz, Counsel for the House Judiciary Subcommittee on October 27, 1955.

"I occupy the position of Deputy Regional Director for the Public Buildings Service, Region 2, New York, N. Y., and have been Deputy or Acting Deputy since 1950. I supervise the operations of a Design and Construction Division, a Buildings Management Division, a Real Estate Division, a Real Property Disposal Division, and an office of the National Industrial Reserve Division."

May I interject, Mr. Chairman? Mr. Keating said that I had not referred to that portion of the memorandum in cross-examination. That is with reference to an entirely different

matter.

The Chairman. Read the record. Read what was said.
Continue to read it, Mr. Maletz.

Mr. Keating. I want my colleague, Mr. Fine, for whom I entertain such a high regard, to understand that I am not calling for it here so that the whole record can be read. It is the Chairman that wants this whole record read.

The Chairman. Are you willing --

Mr. Fine. Since my name has been mentioned, I want you to know, Mr. Chairman, that I have a sworn duty to the Government and to the people of the United States, and if we have to sit here all week, I will sit here.

The Chairman. Fine. Do you want to waive this reading, or do you want it read? I will read it if you wish.

Mr. Keating. You do not have to read what is in the record as far as I am concerned.

Mr. Fine. You do not have to read it for anybody.

The Chairman. I thought you wanted to have your memory refreshed.

Mr. Keating. No. My memory is just as clear as a bell.

Mr. Fine. You read it three times this morning.

Mr. Maletz. Mr. Elliott, may I interpose this question?

Mr. Elliott. Yes, sir.

Mr. Maletz. Did you know whether or not Mr. Strobel had gone to the Corps of Engineers to prosecute a claim under an old

contract which Strobel and Salzman had with the Corps of

Engineers -- did you know at the time this memorandum was written?

Mr. Elliott. No, I did not, sir. Mr. Moody's and my entire conversation with Mr. Strobel at that point had to do with a contract which, as he recited to us, he had entered into shortly before he became Commissioner of Public Buildings and was then under performance by his firm for the Corps of Engineers. He did say that he had previously had contracts with the Corps of Engineers, but I understood that performance of work under those contracts had been completed at that time.

I was not aware until these hearings started that he had any discussions with the Corps on any contracts.

Mr. Maletz. So therefore --

Mr. Elliott. Strike that "until these hearings started." I did know about it before, during the course of the investigation that was being made by our Compliance people, prior to this.

Mr. Maletz. So therefore, is it not true that your reference to the fact that no violation of the conflict of interest statutes appeared to be involved, had no reference to the claim before the Corps of Engineers?

Mr. Elliott. That is entirely correct. However, sir, so that we get it clear, the advice which Mr. Moody and I gave him with reference to not negotiating with the Corps in connection with that contract was not related to a violation of the

statute as much as it was to what we considered proper conduct. In other words, we did not feel then, and I do not feel now, that there has been a violation of the statute, since Mr. Strobel, as either the sole owner or a partner, was the principal and not an agent.

Mr. Maletz. So if we can get this in context now, I take it that your memorandum was referring to a contract entered into on March 31, 1954, negotiated on March 31, 1954, between Strobel and Salzman and the Corps of Engineers; is that correct?

Mr. Elliott. Well, let me say -- and I am not trying to fence with you -- I just don't know the date when it was entered into. It did have reference to contract No. DA-49-129-ENG.-350, that is referred to in Mr. Zackrison's letter of 4 August, 1954.

Mr. Maletz. I see. And your memorandum made no reference to a possible violation of the conflict of interest statute resulting from Mr. Strobel's prosecuting a claim before the Corps of Engineers under a previous contract, did it?

Mr. Elliott. That is correct, sir. That was not discussed by Mr. Strobel and myself. The subject did not come up at that meeting, as I recall.

Mr. Maletz. Have you reached any legal conclusion with respect to whether or not it is a violation of Section 253 --

Mr. Fine. I did not get the beginning of that.

Mr. Maletz. Have you reached any conclusion?

Have you reached any conclusion as to whether or not it is

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
a possible violation of Section 203 of Title 18 of the Criminal Code for Mr. Strobel, acting on behalf of Strobel and Salzman, to have prosecuted a claim before the Corps of Engineers?

Mr. Elliott. Based upon such facts as I know -- and they are largely what have been brought out before this committee -- I do not believe I have any additional facts that have not been brought out before this committee -- I am inclined to doubt, as a matter of my own personal opinion, as a lawyer -- I am inclined to believe, let me put it that way, that there has not been a violation of the statute.

However, I should like to point out that that is a violation of a statute the enforcement of which is in the Department of Justice and not in General Services Administration, and therefore my opinion is just that of another attorney on the street. It is not conclusive one way or another.

Mr. Maletz. Do you feel that it is a violation of the Code of Ethics of your Agency?

Mr. Elliott. Well, Mr. Maletz, that is a question which I will be glad to answer if the Administrator asks me. But if he asked me today, sir, so that it shows that I am not trying to fence, I would say that I would like to review the entire record; I would like to know some more about it. I would like to know what was said at conversations with the representatives of the Engineers and what that contact was.

In other words, sir, I do not believe honestly that I have

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
enough facts before me to make a final opinion on that subject at this time.

The Chairman. Do you have any more facts you would like to know?

Mr. Elliott. Yes, sir. I personally have no knowledge, and I do not believe there has been much in the record here -- I have not been in all the hearings -- as to what actually transpired at the conversation with the Corps of Engineers, and I think that would be very relevant.

The Chairman. If it is all as lilly white as that, why was this matter submitted to the Department of Justice?

Mr. Elliott. Sir, I am not saying that it is lilly white or not. I am saying I don't know.

The Chairman. Why was it submitted to the Department of Justice? There were some doubts, were there not?

Mr. Elliott. I thought Mr. Mansure explained that this morning.

Mr. Mansure. Mr. Chairman, that is just our regular procedure. As I tried to explain this morning, when we feel that there may be some question, we do not want to put ourselves in the position of covering up on something.

As I said, we put everything on top of the table. Now, if there is any conflict of interest, or if there is any question, we feel that the legal Department of the Government is in a better position than our Compliance Division to rule on it.

The Chairman. Suppose that it were just some poor devil who was a clerk and he was not somebody appointed upon the recommendation, as you say, of the Republican National Committee; would your answer be the same?

Mr. Mansure. It would be the same; yes, it would be the same if it involved the actual violation of the statutes. But frankly, we have not been confronted with a thing like that, because we have not had a situation that we have had to make a ruling on since I have been the Administrator.

Most of our problems have been very open and shut and very easy to decide on.

Mr. Keating. When you turned this over to the FBI, you did not have any conclusion on it one way or the other?

Mr. Mansure. Not at all. If we had conclusions, we could have made a definite ruling ourselves. But we did not know.

Mr. Keating. There was an announcement made by the Chairman that it had been turned over to the FBI, just at a crucial time, and that had wide coverage throughout the country, and indicated just as always when you use the FBI, that there might be a violation of some criminal statute here.

Now, I would like to have it clear on the record whether you felt it was a violation of a criminal statute or not

Mr. Mansure. That is a question that I cannot answer, because it is legal, and I am not familiar enough with the statute to give an opinion on it, and I would have to get advice

from counsel on that.

Mr. Fine. I think the record showed that this morning Mr Mansure said that he turned it over to the Department of Justice to get an objective report.

Mr. Mansure. That is correct. Congressman.

The Chairman. You mean to say, Mr. Mansure, that the only reason you sent it to the Department of Justice was to get an objective report? Did you not have in mind that there may be something unusual or something irregular about this whole transaction?

Mr. Mansure. No, we were not trying really to infer anything to it other than to -- actually answering your question -- to get assistance for us to make a decision on what the situation is.

The Chairman. All right.

Mr. Maletz. Now, Mr. Mansure, I think you were asked this morning -- I would like to rephrase the question -- do you think it was a possible violation of the Code of Ethics of your Agency for Mr. Strobel to have participated in the preparation of a list of 14 outstanding architects to be submitted to CIA and to have participated in the inclusion in that list of eight firms which had had prior business relationships with Mr. Strobel's firm?

Mr. Mansure. Well, you see, there again is a question of fact, because I do not know whether it was testified to, how much

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
he participated in the preparation of that list. I presume, from our regular activity within the department, that our Chief Architect or our Directing Architect and the staff made up that list.

Now, it may be -- I do not know -- Mr. Strobel will have to answer that -- what part he took in making it up. The thing that I am very concerned about is that I do not want anything in these hearings or any question to reflect upon firms of such outstanding reputation as we are discussing.

The Chairman. You said that this morning --

Mr. Keating. Let him finish.

The Chairman. You said that this morning.

Mr. Keating. Let him finish.

The Chairman. You said that this morning, and you said that there was no reflection cast upon any architect. It is not our purpose, or my purpose particularly, to cast any reflection.

Mr. Mansure. That is right.

The Chairman. That is not our intention, Mr. Mansure. That is unpardonable, when you remember we admonished you this morning that this has no reflection upon architects.

Mr. Keating. I would like to hear the witness and hear what he has to say on that.

Mr. Mansure. I was trying, Mr. Chairman, to answer the question. I do not know how this list was made up, and that is

why I am careful in answering the question, because it was made up by the staff. Then, of course, the Commissioner would not have made the selection.

Now, I think that we have got to find out who actually made that list of 14 up, and who worked on that list.

The Chairman. He testified --

Mr. Maletz. Do you think --

The Chairman. The Commissioner, Mr. Strobel, testified that he participated in the making up of that list.

Mr. Mansure. Well, I think there was also a misunderstanding of participation with the Roberts firm, too, and I had given a specific instruction.

The Chairman. We are talking now about this list. The question to you is whether or not that is or is not within the Code of Ethics.

Mr. Mansure. The way I would answer that question, Mr. Chairman, is that if in my mind there had been any question about the selection of these firms, I would have stepped out and allowed either my staff or someone, or referred it over to me as the Administrator --

The Chairman. When you say "I", you mean Mr. Strobel?

Mr. Mansure. Yes. If I were putting myself in that position, that is what I would have done, on any question as to the selection of these people.

Mr. Keating. But you do not know whether there was a question

or not.

Mr. Mansure. That is the point I am trying to bring out, Congressman.

Mr. Keating. Exactly.

Mr. Mansure. I do not know what transpired in those negotiations. If I knew that, I could tell.

Mr. Fine. You want a little further this morning. I just want to make sure that we get it correctly. You went a little further this morning when you said that the creation of the list did not mean that you had reached the point of a decision as to who would be selected.

Mr. Mansure. Well, I did that.

Mr. Fine. You said, if it came to the point of selection, if I remember, that then Mr. Strobel would have disqualified himself.

Mr. Mansure. I did that, Congressman Fine, yes. And you see, there has been no selection yet, and we are not even up to the point of making a selection other than the request of CIA.

Mr. Keating. And Mr. Strobel has himself said that if it came to a question of selection, he would disqualify himself?

Mr. Mansure. I think he is sincere in that statement. But there is no selection that has been made, and we do not know even know whether we are going to be in on it. All of GSA may be out of it, in the selection.

Mr. Keating. I call your attention to the fact that Allen Dulles' favorite, Harrison & Abromovitz, were on the list that was submitted to CIA by the Public Buildings Administration.

Mr. Mansure. That is correct.

The Chairman. Is it your practice to accept the recommendations of the head of a department as to who shall be an architect, as Mr. Dulles intended that you should?

Mr. Mansure. We do not know that. We do not agree with that, Mr. Chairman.

The Chairman. What is that?

Mr. Mansure. We do not agree with that.

The Chairman. You do not agree with that?

Mr. Mansure. But we have not been supported yet in our opinion.

The Chairman. In other words, you do not agree with the head of a department suggesting to you who shall or shall not be an architect for a particular building?

Mr. Mansure. No. We selected the building, and also

from the Members of Congress within that area where we are going to do construction work. But we do not think that that should be a controlling factor. And I feel very strongly on that.

The Chairman. Suppose we tell you that the evidence indicated that Mr. Dulles, Allen Dulles, for whom I have a high regard --

Mr. Keating. Just like these architects.

The Chairman. Please, will you? Now, you are just interrupting. (continuing) -- for whom I have a high regard, selected, and said it was his selection, Harrison & Abramovitz to be the architect on this CIA building.

Mr. Mansure. Well --

Mr. Keating. You did not agree with that?

Mr. Mansure. No. They feel that because Congress has appropriated the money directly to them, that they should have full control of the construction of this new building. We take the stand that based on 1925 -- what is the public act?

Mr. Elliott. The Public Buildings Act of 1926.

Mr. Mansure. The Public Buildings Act of 1926, and Public Law 152 of 1949 -- is that right?

Mr. Elliott. Yes, sir.

Mr. Mansure. -- that that is our responsibility, and that

is the reason why I say that, regardless of what lists have been submitted, we have not even come up to the point yet of even considering that list.

Mr. Fine. Didn't you testify this morning, too, that this problem, the one you have just referred to, has also been referred to the Department of Justice for a decision?

Mr. Mansure. For an objective ruling, because we cannot get an agreement between the two departments; that is correct.

The Chairman. And then would this be a reasonable conclusion to be drawn from what we have heard now? If heads of departments, like the case of Mr. Dulles, could successfully suggest the naming of architects for buildings that would cost as much as this CIA building would cost, it would be very easy to have that whole process be abused, and these architectural plums might become political plums. Is that correct?

Mr. Mansure. That is correct. That is what we do not want to have happen.

Mr. Keating. We might have a situation here where there would be \$383,000 given to the Treasurer of the Democratic National Committee or something like that.

Mr. Mansure. That is right.

Mr. Keating. And you would not want anything like to happen, would you, Mr. Mansure?

Mr. Mansure. No, sir.

Mr. Keating. And the Chairman would not.

The Chairman. No, sir. But I can see the danger --

Mr. Keating. And I think it is unfortunate that that has happened in the past.

The Chairman. And it might happen in the future when Mr. Dulles wants to do what he did do.

Mr. Mansure. Now, we are going to do everything we possibly can to prevent that.

Mr. Keating. It is fair to say this, that the CIA contention is based upon a specific statute which does not govern any other government department; is that not right?

Mr. Mansure. Well --

Mr. Keating. I know you disagree with their contention.

Mr. Mansure. That is right.

Mr. Keating. And I do not say that I agree with it. I do not know. I am not involved. I am like the counsel here, in reaching a conclusion.

But the CIA contends that because they had an appropriation given to them by a specific statute, that it is from that stems their authority to go ahead and do the whole building.

Mr. Mansure. That is correct. Now, we have learned our lesson. In the future, I think Congress will write into the appropriation that even though they make the appropriation to a certain department of the government, that the funds will then be turned over for the construction to G.M. And that is the way it should be done, because that is our responsibility.

Mr. Keating. And you hope that Congress has learned its lesson?

Mr. Mansure. We hope so, yes.

Mr. Maletz. Mr. Mansure, in order to get this CIA situation properly before us, would this be a fair statement of the summary of events, that CIA requested the Public Buildings Service, as the expert in building construction, to prepare and submit to the CIA a list of outstanding architects from which CIA could then make a selection?

Mr. Mansure. I would not exactly say that was correct, because there has been so much confusion regarding this whole thing. As a matter of fact, I am not just sure how this list got put together, because the feeling has become very strong on who the architect should be for that particular building.

Mr. Maletz. Was this an important recommendation to CIA by the Public Buildings Service, this list? Was that an important recommendation?

Mr. Mansure. Yes, because we feel that for a building of that kind, there should be at least three or four firms. You see, what we try to do is to judge the type of construction. Now, if we are going into a building, say, in upper New York State or central Illinois or something like that, we will pick architects that are thoroughly familiar with that location. But in this type of construction, this is a very large building, and we feel that the firms on there should be

possibly one smaller firm to do the so-called leg work, and then there should be two or three firms of outstanding reputation on the construction.

But we have never gotten to the point where we have actually negotiated on this thing. I mean, it has just been all conversation.

Mr. Maletz. Now, Mr. Mansure, turning to another matter involving the Corps of Engineers, the testimony of Mr. Strobel has indicated that one day before he became a government employee -- he became a government employee, I believe, on April 1, 1954 -- on March 31, 1954, Mr. Strobel negotiated a \$71,000 contract with the Corps of Engineers. Are you familiar with that?

Mr. Mansure. No. I just heard about it. I did not know anything about it, though.

Mr. Maletz. Was that matter brought to your attention?

Mr. Mansure. No, it was not.

Mr. Keating. My recollection of the testimony is that it was assigned on that day as a result of negotiations extending over a considerable period.

Mr. Fine. No. There were extended negotiations before, but the contract was actually signed afterwards.

Mr. Keating. Signed in April?

Mr. Fine. That is right.

The Chairman. Mr. Strobel did not inform you of that

transaction? Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

Mr. Mansure. The first I heard of that has been just in this immediate period right now. I knew nothing about it.

Mr. Fine. Wasn't that in the memorandum from Mr. Moody?

Mr. Mansure. Pardon?

Mr. Fine. Wasn't that in Mr. Moody's memorandum?

Mr. Mansure. Yes. But that is only just in August of this year.

Mr. Fine. Oh.

Mr. Mansure. I mean, what I was speaking about as a preliminary was starting in the last of August up to now.

Mr. Maletz. Was it brought to your attention, Mr. Mansure, that the Corps of Engineers has a firm policy of not doing business with firms owned or controlled by government employees?

Mr. Mansure. Well, I don't know whether it was brought to my attention, but I knew that.

Mr. Maletz. Now, Mr. Mansure, this contract, a \$71,000 contract, was actually executed after Mr. Strobel became a government employee. Do you think that Mr. Strobel as Commissioner of Public Buildings owed the obligation to inform the Corps of Engineers immediately on April 1, 1954, that he had become a government employee?

Mr. Mansure. Well, that is very technical, and I do not want to give an answer on that basis. But, of course, he was not Commissioner until July 1954. I think that there should have

been some notification that it was pending, but there was not a definite surety that he was going even to be the Commissioner on July 1st, on April 1st.

Mr. Maletz. He was a government employee, was he not?

Mr. Mansure. Oh, yes, that is correct.

Mr. Maletz. On a full-time basis?

Mr. Mansure. Yes, full time, but consultant, and the idea was to see during that consultant period if what I had told him about the work was satisfactory to him, and all that he knew was that the Commissioner was going to retire as of July 1st, or June 30th.

Mr. Maletz. Do you think that the fact that Mr. Strobel did not inform the Corps of Engineers about his assumption of the government position on April 1, 1954, was consistent with the code of ethics of GSA?

Mr. Mansure. It was not, but I doubt if he knew our code of ethics on that day, or within the first few weeks.

Mr. Maletz. Are not all employees of GSA required to read the code of ethics of GSA as a condition of employment, and are they not required to certify to it before assuming government employment?

Mr. Mansure. Well, they are, but I think that, frankly, we were very anxious to get someone of this ability at the time. Now, there may have been a pressure of work where that was not called to his attention. I do not know. But I want to

be perfectly fair about it. I do not know whether the code of ethics was shown to him when he actually started in, because when we conversed on this, there was only a lapse of about two weeks or ten days between the time that we discussed it and his agreement to start in, on the first of March, but at that time there was not any real acceptance until about ten days before.

I am just saying that because I actually do not know whether it was presented to him or not.

Mr. Maletz. Would you tell the committee why, if you know, Mr. Strobel did not sign and certify to the code of ethics until nine months after he was first employed?

Mr. Fine. Six.

Mr. Maletz. No; April.

Mr. Fine. No. He only had to sign it in July.

Mr. Mansure. No. I do not know the answer to that question. That is why we looked into it at the time, because I did not realize it had not been signed.

Mr. Keating. In this preliminary conference which you had leading up to his coming to Washington, did he give you any kind of brochure or anything indicating what kind of work the firm of Strobel & Salzman had done?

Mr. Mansure. Yes. I am very glad you asked that question. I would like to introduce that into the record, because it was on this biography, I guess you would call it, or

professional Approval For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

with his ability and experience.

Mr. Robb. I have a copy of that here for the committee.

The Chairman. If you want to put that in the record, we shall be glad to receive it.

Mr. Keating. I think that would be a good thing to have in.

Mr. Maletz. Now, Mr. Mansure, I would like to turn to the subject of Mr. Morton Blumenthal. Do you know Mr. Morton Blumenthal?

Mr. Mansure. Yes, sir, I do.

Mr. Maletz. And just who is he?

Mr. Mansure. Well, I believe that his principal business is a tax authority. He used to be very active here in Washington in one of the former administrations. He is not an attorney.

The Chairman. What administration was that, if I may ask?

Mr. Mansure. Back in the Hoover Administration.

Mr. Keating. He is a member of the Republican National Club?

Mr. Mansure. Yes; a real estate broker; not an agent, but a broker.

I have met Mr. Blumenthal on different occasions at dinners and things of that kind, and we have just conversed generally. Now, how he came into the picture with an architectural firm is

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

very simple. He called at my office and told me that he was representing the firm whom I had only known by name. I knew nothing about them.

I said, "Well, I am glad that you are."

He said, "What is the procedure that we go about to have them listed and considered for construction work?"

And I said, "Well, I will refer you to Public Buildings, and they will give you all the information."

That is exactly the way it started, and that was the procedure that we carried with anybody. I have many people that come to me and ask me not only on public buildings, but Federal supply and our stockpiling program. We have always referred them to the department that handles the operation.

Mr. Maletz. Did you introduce Mr. Blumenthal to Mr. Strobel?

Mr. Mansure. Well, I don't know whether I introduced him to Mr. Strobel or whether they met me before or not. But I sent him to Mr. Strobel.

Mr. Maletz. You say that he is a tax authority? How is it that he happened to represent de Young & Moscowitz?

Mr. Fine. He said that he was also a broker.

Mr. Mansure. He is a real estate broker. He has different businesses.

Mr. Maletz. Do you know when he became a real estate broker?

Mr. Mansure. No, I did not know that, and I did not ask the question, because that had nothing to do with it. It would not make a bit of difference to me whether a person was a broker or not. If they wanted to do business with the government, we would give them all the particulars.

He said he represented that firm. He was in as a salesman for those architects, and I knew nothing about the firm other than by name. I know they have a very fine reputation. But I could not tell a single job that they had built. I don't know anything about them beyond that.

Mr. Maletz. I see.

Mr. Mansure. That is why I referred him to Public Buildings. But I personally referred them to our Public Buildings Division.

Mr. Maletz. Do you recall this August 4, 1955, telephone conversation with Mr. Strobel?

Mr. Mansure. Well, now, let's see. Which one was that? What was that about?

Mr. Elliott. What page is that in the record, Mr. Maletz?

Mr. Mansure. Was that about this project, or which one was that?

Mr. Maletz. About the CIO project.

Mr. Mansure. Yes, I recall that.

Mr. Maletz. It is at page 375.

Do you have a copy of the telephone transcript?

Mr. Mansure. I have it right here, yes, sir. I have it

right here.

Mr. Maletz. Now, Mr. Mansure, the conversation has been read into the record. If I may, I would like to repeat parts of it:

"Pete on this CIA job. I got a call from Dulles. What is it about?

"Strobel -- They are coming over tomorrow right after lunch. We are trying to work up list."

And I take it that the call that you got from Mr. Dulles concerned this CIA problem, and particularly the problem of the selection of an architect; is that correct?

Mr. Mansure. That is correct, yes.

Mr. Dulles was this exercised that they wanted more than one firm on the job. He thought there would be a conflict of design and just confusion. And we do that all the time. We even have on a job as small as a \$2,500,000 job -- we might have two or three architects on it.

Mr. Maletz. Now, then, you say, Mr. Mansure, "What about Blumenthal's recommendation?"

And Strobel said, "de Young and Roscowitz."

So that was the first time that you referred to Mr. Blumenthal's recommendation; is that right?

Mr. Mansure. Yes. Well, when I said "recommendation," I meant the people that he represents, because prior to that time, I sent them over to Strobel to get the particulars on

000

how to file and make out their forms, and so forth, to be on the list. I did not mean it by way of recommendation, but he was recommending these architects as their representative.

Mr. Maletz. Then on the next page you say this: "The only thing is that we told Blumenthal that he would get a chance at AEC. Strauss told him same thing. They were never given a chance to present their goods."

Do you have that before you?

Mr. Mansure. Yes. That is very simple. They originally came in to see us on the -- the CIA or the AEC, was the first job that came out in the newspapers that was going to be done, and they originally came in on that basis because at a dinner that was held here in Washington the fall the year before last, he talked to Admiral Strauss about, if they could figure on that.

Well, no one knew, because the appropriation had not even been made at that time. So Blumenthal asked me if they would have a chance to figure on the AEC building.

I said, "Anybody will have a chance to figure on it who is qualified."

So then when the decision was made by AEC to build their own building, because they have their own construction department, and General Services had nothing to do with that construction, they had been left out without any consideration at all, and that is what I had reference to, because I felt that after

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

we had told them that they would have a chance to present their wares on it, and they never even got a chance to talk on it. out of all fairness we should let them figure on the next job. But by figuring on the job meant nothing more than just to qualify for it if they could.

Mr. Maletz. All right. Now, Mr. Mansure, you had another telephone conversation with Mr. Strobel later on that day at which time you said to Mr. Strobel, "Give some consideration to de Young & Moscovitz." Do you recall that?

Mr. Mansure. Yes, I do.

Mr. Maletz. (reading): "Let's keep one top architect on our list for each building."

What did you mean by that?

Mr. Mansure. Well, now, what I meant by that was that we have a number of firms that are considered top architects in New York and Philadelphia and Cleveland and Chicago and Los Angeles, all over the country, and what we wanted to do was to take and divide up the important types of construction so that we always, at one time, on every job, have one outstanding firm on that job.

Now, what we did not want to do was to take and put maybe our three top firms on the same job. In other words, we have one of super ability and one probably of design or construction or engineering ability, and then maybe one or two on a real big job of local firms. That is what I had reference to there.

Mr. Maletz. Now, I just wonder why you brought Mr.

Blumenthal's name up three times in the course of these conversations, or twice, rather, and de Young & Moscovitz' name once.

Mr. Mansure. Because he was a very forceful salesman. He was after us all the time. In credit to him, I admire it. But he came in to see me several times. He called several times from New York. And it was just that pressure. And I said, "Just give him consideration."

By that I mean, review their qualifications, and so forth.

Another thing was that I did not want the CIA building -- do not get the initials mixed up, now -- we are all through with the Atomic Energy Commission -- I did not want one architect on the CIA building because, as I said, it is too big a project and too big a plum for one firm to pick out.

The Chairman. Of course, with Mr. Blumenthal, there was nothing political about it, I hope, was there?

Mr. Mansure. Well, that is a good question. He is very active politically. But we give exactly the same consideration to recommendations from a Democratic Committeeman or a Democratic Member of Congress.

Mr. Keating. Consideration? You gave a job to the former Treasurer of the Democratic National Committee, and he made \$383,000 out of it.

Mr. Mansure. That is right.

The Chairman. He had that job. You were complaining that.

we asked about that.

Mr. Keating. No, I am not complaining. I think it is very pertinent. This is all peanuts compared to what was handed out to this man, and I understand he is a first-rate architect.

Mr. Mansure. As a matter of fact, I have several very strong recommendations from members of Congress now for Federal construction in their Districts or States.

Mr. Keating. I am sure, now, you have four deals here from Brooklyn. I want to ask about them when the Chairman is finished. I am sure that the Chairman might be willing to give you recommendations on any Brooklyn jobs.

The Chairman. I will have four architects ready tomorrow morning for you.

Mr. Fine. They are all in New York, Mr. Chairman, either in the Bronx or in Brooklyn.

Mr. Maletz. Mr. Mansure, are you familiar with the fact that Mr. Blumenthal did represent this 346 Broadway?

Mr. Mansure. No, I knew nothing about that. We did have, very frankly, some negotiations with another firm that he represents on the Grand Central Post Office Building in New York City, where there was some talk about a swap of properties or adding to the building, because they were so short of space there. But I knew nothing about this other building. That was the only other building that I knew about.

Mr. Maletz. What was this building?

Mr. Mansure. I think it is called the Grand Central Postal.

Mr. Fine. You are referring to the Grand Central, and Mr. Maletz was referring to 346 Broadway.

Mr. Mansure. No. I said I knew nothing about that. I did

know about the other one. I just wanted to correct that, because I thought there might be some confusion in your mind as to the two buildings. I did not know about the other one, though.

Mr. Maletz. Are you familiar with the form that was filed with GSA by the president of Broadway-Lafayette Corporation, which owns 346 Broadway?

Mr. Mansure. No, I am not familiar with that.

Mr. Maletz. That form has already been introduced into the record, and it indicates that Mr. Blumenthal became a broker, a licensed broker, in 1954.

Mr. Mansure. I heard that for the first time this morning, just as I came in the room. You were talking about that. I did not know anything about that date until I heard it then.

The Chairman. Are there further questions?

Mr. Fine. None.

Mr. Keating. I wanted to ask this witness, but I do not suppose he knows about one or two of these things here -- probably Mr. Strobel would know more about it -- did you ever hear of the Karp Metal Products Corporation in Brooklyn?

Mr. Mansure. Other than by name, no.

Mr. Keating. Do you know Irvin S. Chanin, an architect there?

Mr. Mansure. No, I do not.

Mr. Keating. Maybe these questions would be better

directed to Mr. Strobel.

The Chairman. Isn't Mr. Strobel entitled to a couple of buildings?

Mr. Keating. Sure. They have four down here. What I want to know about is what kind of architect this Mr. Chanin is, or this Reisner and Urbahn. Maybe the Chairman can tell me about it.

Mr. Fine. No.

Mr. Mansure. They may have been some people that our regional office negotiated with, but I don't know the names at all.

The Chairman. Do not take it too seriously, Mr. Mansure. He is just trying to be facetious.

Mr. Keating. No. I would like to ask Mr. Strobel a few questions about this. I know that there are four -- on that list of architects that we talked about so much that were recommended, was there an Irwin S. Chanin on that list?

Mr. Strobel. What list are you referring to?

Mr. Keating. Well, I am referring to --

The Chairman. Fourteen names?

Mr. Keating. Yes, the list of fourteen recommended.

Mr. Strobel. No. Mr. Chanin's name was not on that list.

Mr. Keating. And were Reisner and Urbahn on that list?

Mr. Strobel. That is correct; Urbahn's name was.

Mr. Keating. Urbahn's name?

Mr. Strobel. That is right.

Mr. Keating. Was this a different firm?

Mr. Strobel. It is the same man. The firm changed from Reischer and Urbahn to Urbahn, Brayton and Burrows.

Mr. Keating. And that latter named firm was on it?

Mr. Strobel. That is right.

Mr. Keating. Was the firm of Skidmore, Owings and Merrill on that list?

Mr. Strobel. It was not.

Mr. Keating. Well, now, you did a job for Skidmore, Owings and Merrill involving a recreation center in Brooklyn. Do you remember that?

Mr. Strobel. That is correct.

Mr. Keating. And you also did a job for them representing a bathhouse and cafeteria and maintenance building in Brooklyn. Now, those both sound like pretty good sized jobs; were they not?

Mr. Strobel. No, they are not large jobs.

Mr. Keating. They are not large jobs?

Mr. Strobel. I think they ran about \$1 million each in construction.

Mr. Keating. You do not call that a big job?

Mr. Strobel. It all depends.

Mr. Keating. Was this Karp Metal Products Corporation a big job?

Mr. Strobel. Yes, that was a fairly big structure. That

was a manufacturing plant with offices.
Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

Mr. Keating. And the fee that you got out of Mr. Chanin on that job was a good sized fee?

Mr. Strobel. Well, I don't recall the actual fee. We have done so many jobs for Mr. Chanin that it was just one of them.

Mr. Keating. What I am getting at is, was there on this list of clients, covering a good many pages which you submitted in your brochure to Mr. Mansure when you took up the position of Commissioner of Public Buildings -- were there many architects listed here from whom your firm derived substantial fees, who were still in business at the time when you made your recommendations of some fourteen people, along with others in your department, who were not among those fourteen?

Mr. Strobel. That is correct.

Mr. Keating. Would you have any idea how many of those there were, not only in Brooklyn but throughout the country?

Mr. Strobel. As I testified this morning, I think there were thirty architects on the list submitted August 30, 1955, that were not on that list of fourteen. However, they do not all occur in the brochure that was submitted to Mr. Mansure before I took office, because that lists only the major projects done by the firm of Strobel and Salzman.

Mr. Fine. Will the gentleman yield for a minute?

Mr. Keating. Yes.

Mr. Fine. I know a thought struck me as I was sitting there and Mr. Keating asked these questions, and I think the committee would like to know. This brochure which was submitted preliminary to Mr. Strobel's becoming the Commissioner, or consultant, or Commissioner of Public Buildings, contains a list of many clients of his, and I notice that among these is the name of Serge Petroff.

Mr. Strobel. That is correct.

Mr. Fine. So actually on July 1st, or prior thereto, your department was familiar with the fact that Petroff was a client of the Strobel and Salzman firm. And I am wondering whether or not the entire list of his clients, the list that he prepared and is contained in this brochure, and the list that he finally submitted in August of 1955, were not in fact similar.

Mr. Strobel. I could answer this by saying that any names that appear to be a client in the brochure will also appear on the list that was made up.

Mr. Fine. So certainly prior to July 1, 1954, you did advise the Department as to the clients you had?

Mr. Strobel. Right; in some respects, yes, sir.

Mr. Fine. So that all this haggling we have had for a couple of days about the list --

Mr. Strobel. All the important jobs.

The Chairman. The gentleman does not mean to imply that the submission of a brochure is the same as the submission

officially to the General Services Administration of a list of clients?

Mr. Fine. I did not suggest that. I merely suggested that the names were identical, and they are in the files.

Mr. Strobel. I will say that the brochure was submitted for the purpose of indicating the type of business we were doing and with whom we were doing it.

Mr. Maletz. Mr. Strobel, did you inform the GSA that subsequent to August 26, 1954, Strobel and Salzman obtained several jobs from Serge Petroff?

Mr. Strobel. I have testified to that, yes, sir.

Mr. Maletz. Have you advised the GSA?

Mr. Strobel. I think I testified that I did not believe that I had.

The Chairman. Thank you very much, Mr. Strobel.

Thank you, Mr. Mansure.

Mr. Fine. Will that be received in evidence, Mr. Chairman?

The Chairman. Yes. That has been received.

(The brochure referred to is as follows:)

The Chairman. Mr. Moody, would you step forward, please?

Mr. Keating. May I inquire of the Chairman at this point, are you going to put in the Attorney General's report?

Mr. Robb. Mr. Chairman, we still have the two witnesses I spoke of.

The Chairman. Yes. Mr. Moody's testimony will only take a very short time.

Mr. Robb. Yes.

The Chairman. The Chair addressed a communication to the Comptroller General of the United States some time in September. I have sent for the original communication which I sent to the Comptroller, but I will read first the answer I received, in the interests of saving time:

"September 27, 1955

"Honorable Emanuel Celler, Chairman,

"Committee on the Judiciary

"House of Representatives

"Dear Mr. Chairman:

"Reference is made to your letter of September 19, 1955, acknowledged September 20, requesting our opinion as to the propriety, from a public policy standpoint, of certain activities and interests of a Government official.

"You state that the official involved is the sole owner of a private engineering firm" --

At the time I wrote that communication, parenthetically I

Approved For Release 2000/05/02 : CIA-RDP59-00882R000200380001-5

state, I was under the impression that Mr. Strobel was the sole owner of Strobel and Salzman. Since writing the letter, we have information to the contrary, and that he is not the sole owner, but is owner in part with Mr. Salzman.

"You Approve For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5" The owner of a private engineering firm which has or had two contracts with an agency of the Government other than the one which employs the owner. One contract apparently had been completed prior to the owner's employment by the Government, but claims against the Government for additional compensation under the contract were still pending and the owner after becoming a Government employee has had a number of meetings with the Government contracting officers for the purpose of pressing these claims. The other contract was signed by the firm in question about one month after the owner's Government employment began, although negotiations by the owner to secure the contract had begun over a year before. The owner did not directly supervise work under this contract, but he did receive the firm's profits therefrom.

As you state in your letter, there is no general statutory prohibition which prevents officers or employees in the executive branch from contracting directly with the Government in matters entirely separate from their official duties. See 14 Ops. Atty. Gen. 482; 24 id. 557. Cf. Ingalls v. Perkins (1923), 33 H. H. 269, 263 Pac. 761."

Those are citations of cases which I cited. (continuing):

"Regardless of statute, however, contracts between the Government and its employees have been considered subject to criticism from a public policy standpoint on grounds of possible

favoritism and preferential treatment, and for this reason the General Accounting Office has often expressed the view that such contracts should not be made except for cogent reasons. 5 Comp. Gen. 93; 14 id. 403; 21 id. 705; 25 id. 690; 27 id. 735.

"In the present case, one of the two contracts had been executed and the other had been under negotiation for a year prior to employment of the firm's owner by the Government. These facts appear sufficient to dispel any inference of favoritism or preferential treatment in the award of the contracts. Consequently, on the basis of the facts outlined in your letter, we do not believe the activities of the Government official here in question can be said to be illegal, as contrary to public policy.

"There are, of course, a number of prohibitory statutes dealing with Government officials and Government contracts which are designed to prevent influence peddling and conflicts between the self interest of the employee and the interests of the Government. Section 99, title 5, of the United States Code prohibits employees of the Government from acting as agents for or aiding in the prosecution of claims against the Government. Sections 281 and 283, title 18, U. S. C., also prohibit such activities under penalty of fine and imprisonment. These statutes, however, are directed against influence peddling or the improper use of knowledge gained in an official capacity.

They do not prohibit dealings between the Government and its employees as principals in their own behalf, provided, of course, there is no conflict of interest between the employee's position as contractor and his official position. Section 434, title 18, U. S. C., prohibits any Government official or employee from transacting business in his official capacity with any firm if he has a direct or indirect interest in the firm or its contracts. The facts presented here do not indicate that there was any violation of these statutes.

"That is not to say that activities of the character described are not subject to regulation or proscription by the department or agency by which the official involved is employed. The head of any executive department or agency within the Government has the power to prescribe such rules and regulations governing the conduct of private business affairs by his subordinates as he may determine. 40 Ops. Atty. Gen. 187. Since the employing agency is not identified in your letter of September 19, 1955, our answer to your inquiry is without regard to any departmental regulations which may be applicable to the matter.

"Sincerely yours,

(signed) "Frank H. Weitzel

"Acting Comptroller General
of the United States."

Mr. Keating. Now, have you got your letter of inquiry?

The Chairman. My letter of inquiry is as follows:

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

"September 19, 1955

"Mr. Frank H. Weitzel

"Assistant Comptroller General

of the United States

"General Accounting Office

"Washington 25, D. C.

"Att: Mr. Owen Kane

"Dear Mr. Weitzel:

"The House Judiciary Antitrust Subcommittee understands that your office has ruled in several cases that it is generally inappropriate as a matter of public policy for the Government to do business with its employees although there are no legal prohibitions specifically applicable. With these considerations in mind the attention of our subcommittee has been directed to the following situation:

"A full-time Government official is the sole owner of a private engineering firm over which he has continued to exercise overall supervision and direction. About a year before assuming his Government position, this person started negotiating on behalf of his firm with a Government agency to perform engineering services on a construction project which that agency contemplated undertaking. This agency is not the one which employs this individual although both agencies are engaged in construction, procurement work.

~~"The Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5"~~ The Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
person's firm about one month after he became connected with the Government. Although this person did not directly supervise the engineering work on the Government contract, he did receive the firm's profits from the contract. Furthermore, while a Government official he has had a number of meetings with Government contracting officers for the purpose of obtaining additional compensation under a previous contract held by this firm with the same contracting agency.

"I would appreciate very much receiving an opinion from you as to the propriety of these activities of the Government official involved from a public policy standpoint. It would be of considerable assistance to our subcommittee if your opinion could be furnished to us on or before Tuesday, September 27th.

"Sincerely yours,

"Emanuel Celler

"Chairman."

Now, I want to repeat that whole suppositious case was predicated on the fact that the individual mentioned was the sole owner of the firm mentioned.

Mr. Fine. Just from the point of view of a law statement, Mr. Chairman, I do not think you draw a distinction between a partnership and a sole ownership as you might between a partnership or a sole ownership and a corporation. I think that the opinion will probably hold just as much if there were a partner-

ship, but it probably would not hold if there were a corporation.

The Chairman. I may respectfully differ with the gentleman, but these two communications will be placed in the record.

(The letters referred to are as follows:)

The Chairman. Mr. Moody, will you raise your right hand, please?

Do you solemnly swear to tell the truth, the whole truth and nothing but the truth, so help you God?

Mr. Moody. I do.

TESTIMONY OF JOE E. MOODY,

ASSISTANT GENERAL COUNSEL,

General Services Administration

The Chairman. Just state to the stenographer your name and your Government position.

Mr. Moody. My name is Joe E. Moody. I am an Assistant General Counsel of General Services Administration.

Mr. Maletz. Mr. Moody, you occupy a position with the Public Buildings Service?

Mr. Moody. No, sir. I am an Assistant General Counsel of General Services Administration.

Mr. Maletz. Are you assigned to --

Mr. Moody. I furnish legal services to the Public Buildings Service.

Mr. Maletz. Could your position be characterized as that of counsel to the Public Buildings Service?

Mr. Moody. I think it could be, sir.

Mr. Maletz. Now, Mr. Moody, there came a time, did there not, when Administrator Mansure instructed you to review the GSA Compliance file of Mr. Strobel together with his personnel

file?

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

Mr. Moody. Yes, sir.

Mr. Maletz. And can you tell us approximately when you got this request?

Mr. Moody. I got it on August 26, 1955.

Mr. Maletz. Do you know the reason for this request?

Mr. Moody. I was advised by the General Counsel and later by the Administrator that he had received information that there was to be some press publication regarding Mr. Strobel.

Mr. Maletz. Did you carry out Mr. Mansure's instructions, and review the files in the Office of Compliance and in the Office of Management relating to Mr. Strobel?

Mr. Moody. I did.

Mr. Maletz. I show you a document dated December 20, 1954, and ask you if you can identify it?

Mr. Moody. Yes, sir.

Mr. Maletz. Would you tell us what that document is?

Mr. Moody. It appears to me to be a copy of a memorandum contained in the Compliance Division files stating certain facts received by special agent from a representative of the Public Buildings Service.

Mr. Maletz. Did you see the original of that document in the Compliance files?

Mr. Moody. I did, sir.

Mr. Maletz. Would you read that memorandum?

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
Mr. Moody. This is a memorandum addressed to Baron I.

Shacklette, dated December 20, 1954.

Mr. Keating. Addressed to whom?

Mr. Moody. B. I. Shacklette -- excuse me -- Director of Compliance.

Mr. Keating. And signed by whom?

Mr. Moody. Ralph Given, Special Agent. The subject is, "Standards of Conduct, Peter Strobel, Commissioner, PBS."

I will read the memo:

"Mr. John E. Strawser, Administrative Officer, PBS, called the writer on the phone today and advised that Mr. Peter Strobel, Commissioner, PBS, had stated that he would not sign Standard Form 1179--Standards of Conduct.

"The writer inquired as to whether or not Mr. Strobel gave any reason as to why he would not sign the form and Mr. Strawser replied that he gave no reason."

Mr. Rodino (presiding). What was the date of that memorandum?

Mr. Moody. December 20, 1954.

Mr. Maletz. It is correct, is it not, that Mr. Strobel did sign the form about a week later?

Mr. Moody. On December 27th.

Mr. Maletz. On December 27th?

Mr. Moody. That is correct.

Mr. Maletz. Mr. Chairman, I ask that this memorandum,

dated December 20, from Mr. Given to Mr. Shacklette be received in evidence.

Mr. odino. It will be received.

(The memorandum referred to is as follows:)

Mr. Maletz. Now, did you have several discussions with Mr. Strobel about the extent of his business relationships with Strobel and Salzman?

Mr. Moody. I am unable to remember at this point, Mr. Maletz, whether I had several discussions or one. I had at least one discussion with Mr. Strobel.

Mr. Maletz. And you had one discussion on September 13, 1955, at which I was present, did you not?

Mr. Moody. That is correct, sir.

Mr. Maletz. Now, did Mr. Strobel ever tell you that ordinarily no new business would be undertaken by Strobel and Salzman unless Mr. Strobel's concurrence was first obtained?

Mr. Moody. That is my recollection of the substance of what he told you and me at the September 13th meeting. I don't know if those were his words.

Mr. Maletz. Did you at any time ever tell Mr. Strobel that he should not participate in any contract matters which Strobel and Salzman had with the Corps of Engineers?

Mr. Keating. Would you read that question, please?

Mr. Maletz. Would you repeat the question?

(The question was read.)

Mr. Moody. My recollection in regard to what I told Mr. Strobel is set forth in the memorandum to me that you have previously introduced into the record. It is substantially that, I believe, sir.

Mr. Maletz. And what is your recollection?
Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

Mr. Moody. We advised Mr. Strobel that he should not personally participate in any negotiations with the Corps of Engineers or other Government agency to secure contract work or otherwise in behalf of the firm of Strobel and Salzman, and we stressed the importance of it.

Mr. Maletz. I think your memorandum indicates, does it not, that you had at least one discussion with Mr. Strobel the latter part of 1954? I wonder if you could summarize in your own words just what the problem was.

Mr. Moody. Certainly. Mr. Strobel had consulted with Mr. Elliott and myself about a question that had come up in his mind, as far as I know, or knew at that point, as to whether he was a Resident Commissioner within the meaning of that term as it was used in Article X of a contract he then held with the Corps of Engineers.

Mr. Maletz. And what contract are you talking about now, Mr. Moody?

Mr. Moody. That is the contract that is identified as Contract No. DA-49-129-Eng.-305. At that point, Mr. Strobel, according to my recollection, had received a letter of August 4th, I believe was the date, from the Corps of Engineers regarding his financial interest in the firm of Strobel and Salzman.

Mr. Maletz. And did the letter from the Corps of Engineers inquire as to whether Mr. Strobel would disassociate himself from

his firm's proposed letter to the Corps of Engineers, correct?

Mr. Moody. Yes, it did.

Mr. Maletz. I see. Now, did Mr. Strobel request you to take any action concerning this matter?

Mr. Moody. As a result of our discussions, it was suggested by us that Mr. Strobel prepare a statement setting forth in full detail his relationships with the firm and his contractual relationships with the Corps of Engineers, and after some subsequent discussions, he asked me, as I recollected, that I prepare a draft of a proposed statement for him to use in preparing that statement.

Mr. Maletz. Do you know whether Mr. Strobel did send this statement to the Corps of Engineers?

Mr. Moody. Mr. Strobel informed me that he did not.

Mr. Maletz. Did he indicate why he did not send that statement to the Corps of Engineers?

Mr. Moody. According to my recollection, when the question came up, he stated that he had decided to handle the matter in some other way.

Mr. Maletz. Did he indicate what the other way was?

Mr. Moody. No, he did not.

Mr. Maletz. I beg your pardon?

Mr. Moody. No, he did not.

Mr. Maletz. Now, did you or Mr. Elliott give Mr. Strobel a draft of a letter in answer to the Corps of Engineers' letter

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
of August 4th?

Mr. Moody. No, sir. I gave him a statement, a draft of a statement which I had drafted for his use in preparing a letter.

Mr. Maletz. Now, your memorandum indicates that Mr. Strobel informed you and Mr. Elliott that he had made a complete disclosure of the situation to Administration officials prior to his appointment. Do you recall that?

Mr. Moody. Yes, sir.

Mr. Maletz. Did Mr. Strobel at any time tell you the names of the Administration officials to whom he had made such disclosure?

Mr. Moody. Not at the time we talked with him in August or September of 1954. He did in September of 1955.

Mr. Maletz. And what did he say on September 13, 1955?

Mr. Moody. According to my recollection, Mr. Strobel advised me and you that he had conferred with his advisors about the problem and he identified those advisors.

No. I am sorry. That is wrong. He said his advisors had told him that he had taken his problem up with Administration officials, and he identified those Administration officials.

Mr. Maletz. And he indicated who these Administration officials were?

Mr. Moody. Yes, he did.

Mr. Maletz. Who were they?

Mr. Moody. Attorney General Brownell and a gentleman at the White House whose name escapes me at the moment.

Mr. Maletz. Would that be Mr. Thomas Stevens?

Mr. Moody. I believe it was, sir.

Mr. Maletz. Did Mr. Strobel state at the September 13, 1955, meeting that his advisor had informed him that Attorney General Brownell and Mr. Stevens had concluded that it would be perfectly proper for Mr. Strobel to continue to operate his engineering business during his tenure as Public Buildings Commissioner?

Mr. Moody. I believe that is the substance of what Mr. Strobel's advice was.

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

Mr. Maletz. Did Mr. Strobel at this September 13, 1955, meeting, that you and I attended, indicate any doubt that his arrangement, his private business relationship, had been cleared beforehand with the Attorney General?

Mr. Moody. Well, I didn't think so, Mr. Maletz, no.

Mr. Maletz. Did you get the impression, on the basis of what Mr. Strobel had stated to you and to me, that Mr. Strobel was clear in his own mind that this matter had been cleared beforehand with the Attorney General?

Mr. Moody. Well, I think I would rather put it this way. I believe Mr. Strobel was clear in his own mind that he had been told that it had been cleared.

Mr. Maletz. I see.

Now, do you recall that at this September 13, 1955, meeting, I asked Mr. Strobel who his adviser was?

Mr. Moody. I do.

Mr. Maletz. Did he name that adviser?

Mr. Moody. No, he did not.

Mr. Maletz. What did he say?

Mr. Moody. I believe he told us that he would rather not identify him at that time, indicating that he was not a government official or not an attorney.

Mr. Maletz. Did he indicate during that September 13th

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

discussion that he had discussed with his adviser the question of disassociating himself from his firm's profits in connection with the Corps of Engineers' contract?

Mr. Moody. Yes, he did, according to my recollection.

Mr. Maletz. Did he indicate that this adviser was the same person who had recommended him for the job in the first place?

Mr. Moody. Yes, he did.

Mr. Maletz. Did he indicate that this adviser was the same person who had consulted with the Attorney General concerning the propriety of Mr. Strobel's serving in a dual capacity?

Mr. Moody. I believe he did.

Mr. Maletz. Did Mr. Strobel state that his adviser had told him that he, the adviser, would straighten the matter out with the Corps of Engineers?

Mr. Moody. I don't believe my recollection is quite that precise.

Mr. Maletz. All right, sir. Would you indicate to us exactly what your recollection is?

Mr. Moody. You are speaking now about this particular problem raised by the Corps of Engineers?

Mr. Maletz. That is right.

Mr. Moody. I think it would be more accurate to state that my recollection is like this, that Mr. Strobel indicated to you, in my presence, that after he had received this draft,

that I had prepared and handed to him, he had discussed the problem with his adviser, and I believe it was Mr. Strobel's understanding, but at this moment I cannot recall his precise words, that that adviser was going to handle the problem for him.

Now, I am not clear in my recollection as to whether he indicated how he was going to handle it or not.

Mr. Maletz. I see. Now, did you have conversations with Mr. Adams of the Department of the Army about this Strobel & Salzman contract with the Corps of Engineers?

Mr. Moody. I did not.

Mr. Maletz. Did you, Mr. Elliott?

Mr. Elliott. Yes, I did, Mr. Maletz.

Mr. Maletz. Would you indicate to us the nature of those conversations?

Mr. Elliott. Yes. Following the discussion with Mr. Strobel that is outlined in Mr. Moody's memorandum, I called John Adams and explained the problem to him as it is set forth in that memorandum. Mr. Adams told me he knew nothing about the case; he would endeavor to get the facts from the Corps. He said that it would be helpful to him for a decision if he could have a complete statement of facts from Mr. Strobel as to Mr. Strobel's relationship and interest in Strobel & Salzman. I told him that we were already getting that, and it was concluded that when I got that statement of fact, I was to

get in touch with Mr. Adams again; we were to go over it on the basis of the facts, and if appropriate, then the two of us would then talk to Assistant Attorney General Rankin.

Some weeks or days after that, Mr. Adams called me -- as I recall, it was on an entirely different matter -- but during the course of the conversation, he asked me about this case, and I said, "Well, I still haven't gotten the statement of facts. I will find out about it."

I would say it was about two or three weeks after that that I met Mr. Adams at a dinner. As a matter of fact, it was a dinner of the National Security Industrial Association. I don't recall the exact date. I am guessing, in early November of 1954. And we were talking together about a number of things before dinner. He brought up this question again, and I said, "Well, John, I haven't gotten the statement of facts, and I think Mr. Strobel is going to pursue it in his own way. So there is no use of our discussing it any further. Just forget about it because I haven't got the facts to bring to you."

That is my total discussion with Mr. Adams on the subject.

Mr. Maletz. Do you know, Mr. Moody, how this matter was finally resolved, this problem of the Corps of Engineers on the question that Mr. Strobel disassociate himself from his firm's profits in that transaction?

Mr. Moody. No, I do not, Mr. Maletz.

Mr. Maletz. Now, Mr. Moody, turning to another matter, do

you recall ~~being in the New York Office~~ ~~of the Public Buildings Service concerning renewal of a lease~~ ~~at 346 Broadway?~~

Mr. Moody. I do.

Mr. Maletz. Was there a legal problem in connection with that lease renewal?

Mr. Moody. There was.

Mr. Maletz. Would you tell us what that legal problem was?

Mr. Moody. We were occupying the property at 346 Broadway under the terms of a five-year lease, and the right to occupy expired as of June 30, 1954. We had advertised for bids to supply alternate space to the government for the same purpose as that occupied at 346 Broadway. The only bid that was received was from the owner, the present landlord. These were thrown out and new bids came out. In response to a subsequent invitation, again the only bid received was from the then landlord.

Mr. Maletz. You advertised for a straight five-year lease?

Mr. Moody. We advertised for a lease of space for a period of time up to five years the duration of which, as I recall, now, was to be specified by the bidder, but there was a clause in the invitation that gave the government the right of thirty-day cancellation notice.

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
Mr. Maletz. I see.

Mr. Moody. (continuing) -- no matter what period of time had been specified. The bid from the owners of 346 Broadway was sent down to the Washington office for approval to enter into a five-year lease, which is required by our internal regulations, and they had proposed to accept the bid submitted.

On the examination of that proposed award in my office, it was disclosed that the bid by the owners of 346 Broadway was not responsive to the terms of the invitation for bid, in that the government's thirty-day cancellation right had been stricken. As such, there was no legal authority to make the award.

I discussed it a number of times with both people in Washington and people in New York and others.

Mr. Maletz. Now, what happened?

Mr. Moody. Well, upon the basis of my discussions with counsel in New York, a determination was prepared under a provision of our statute in circumstances where the facts supported that a determination can be made, that no useful purpose would be served in advertising, and you can go ahead and conclude the lease on what we term a negotiated basis.

Mr. Maletz. Did you negotiate the lease on a straight five-year basis without a right of thirty-day cancellation?

Mr. Moody. I believe that is right, sir, yes.

Mr. Maletz. Let me ask you this. If you have advertised

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
for a five-year lease without this right of cancellation.

I think you might have received more than one bid.

Mr. Moody. On the basis of the facts as recited in the certificate of determination prepared by our New York Office, I obviously concluded that no purpose would be served, because we approved the certificate as to legal sufficiency.

Mr. Maletz. Mr. Moody, I show you a document, a photostatic copy of a document, and ask you whether you can identify that.

Mr. Moody. I know what it is. I can't identify it, because I have never seen the original. But I know what it is.

Mr. Maletz. Would you explain to the committee what it is?

Mr. Moody. This is a memorandum to one of the lawyers in the New York Office dated July 15, 1955, and it is signed in the first name of the regional counsel of our New York Office.

Mr. Maletz. Who would that be?

Mr. Moody. His name is Eugene Brennan. The lawyer to whom it is addressed is Paul Cirillo, although only his first name is used. In the notation at the top it says, "346 Broadway."

Mr. Maletz. What does the document say, Mr. Moody?

Mr. Moody. It says:

"Paul--

"Spoke to J. Moody re this. He is going to General Accounting Office for an informal opinion as to justification for negotiation. Considers it a hot case because of outside

interest and wants to be right.

"He thinks 9 of 203-C would be the exception. not" -- and there is a word in quotes that I can't read.

"He will call you about it."

There is an error in that citation. It is 9 of 302-C, and not 203.

Mr. Maletz. Did you tell Mr. Brennan in essence that this was a hot case?

Mr. Moody. Well, Mr. Maletz, that is Mr. Brennan's language, not mine.

Mr. Maletz. Surely.

Mr. Moody. This case received an awful lot of attention in the Washington Office, because we were in the space; here it is 15 days after our rights to occupy had expired, and unless we were within our legal rights to make a determination to negotiate, we did not seem to be even close to formalizing our right to stay there. There was a lot of urgency about the case, and I unquestionably so indicated to Mr. Brennan, although he was as well aware of it as I.

Mr. Maletz. Now, do you recall stating substantially that this was a hot case because of outside interests?

Mr. Moody. I don't recall that, sir, no.

Mr. Maletz. Well, was it a hot case?

Mr. Moody. It was a hot case, in vernacular, but the pressure on me came from our Public Buildings people, who wanted to get this thing straightened out right here --

Mr. Maletz. Do you have any idea as to what the outside interests referred to?

Mr. Moody. I received a telephone call on this case from Mr. Blumenthal.

Mr. Maletz. Mr. Morton Blumenthal?

Mr. Moody. I think it was, sir.

Mr. Maletz. And what was the nature of that call?

Mr. Moody. Well, by the time Mr. Blumenthal called me, I had probably had it on my desk in an effort to resolve this problem for as long as -- I am guessing now -- eight or ten days, and I am sure Mr. Blumenthal had been advised by either our Washington people or our New York people or someone with whom he had been in contact that I was the source of its delay, and the reason for it. And he called me on the telephone to ascertain what the problem was, and I told him precisely what the problem was.

Mr. Maletz. Well, let me ask you this. Did the fact that Mr. Blumenthal called make this a hot case?

Mr. Moody. The fact that the owner's representative called made it a hot case. The fact that it was Mr. Blumenthal meant absolutely nothing to me.

Mr. Maletz. I see. You had no relationship with Mr. Blumenthal whatsoever?

Mr. Moody. None whatever.

Mr. Maletz. Did Mr. Strobel or Mr. Mansure ever discuss

~~this case with you?~~ Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

Mr. Moody. No, sir.

Mr. Maletz. Did you ever have any discussion with anybody else in GSA representing Mr. Strobel or Mr. Mansure about this case?

Mr. Moody. A number of people in the Public Buildings Service called me about this case. I was advised by one of them that Mr. Blumenthal had called him. I believe he had come to his office about it.

Mr. Maletz. Who was that, please?

Mr. Moody. That was Mr. Strawser, who is the administrative officer of Public Buildings Service.

Mr. Maletz. What did he say to you, sir?

Mr. Moody. Mr. Strawser?

Mr. Maletz. What did he say to you, sir?

Mr. Moody. I don't remember precisely, but that Mr. Blumenthal had been to his office on this case and was anxious to hurry up and get it cleaned up and get some decision made.

Mr. Maletz. I have no further questions, Mr. Chairman.

Mr. Fine. No questions.

Mr. Keating. No questions.

The Chairman (presiding). Is Mr. Rhind here?

Will you raise your right hand? Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. Rhind. I do.

**TESTIMONY OF HAROLD RHIND,
ATTORNEY, CORPS OF ENGINEERS, DEPARTMENT
OF THE ARMY**

Mr. Maletz. Mr. Rhind, would you please give the reporter your name and address?

Mr. Rhind. Harold Rhind, attorney, Corps of Engineers.

Mr. Maletz. Would you speak up, sir?

Mr. Rhind. Attorney, Corps of Engineers.

Mr. Maletz. You are employed by the Corps of Engineers, are you?

Mr. Rhind. Yes.

Mr. Maletz. And what position do you occupy?

Mr. Rhind. Attorney in the Legal Division.

Mr. Maletz. Mr. Rhind, are you familiar with a contract entered into on April 22, 1954, between the Corps of Engineers and the firm of Strobel and Salzman?

Mr. Rhind. I am.

Mr. Maletz. Do you know when this contract was negotiated?

Mr. Rhind. I do not know exactly when it was negotiated, no.

Mr. Maletz. I show you a document entitled, "Notes on Strobel and Salzman contracts," and ask you to examine it. I show you this document solely for the purpose of refreshing your recollection as to when this contract was negotiated.

Mr. Rhind. My knowledge of the negotiation is that it was completed about the first of April. The exact date at which the negotiation was handled, I only know from this report, or other papers of that nature.

Mr. Maletz. You say, about the first of April?

Mr. Rhind. Yes.

Mr. Maletz. Do you know when this contract was executed?

Mr. Rhind. Yes. It was executed on -- may I look at the record?

Mr. Maletz. All right, sir.

Mr. Rhind. It was executed on the part of the Government about May 3rd, and on the part of the contract about May 17th.

Mr. Maletz. That is 1954?

Mr. Rhind. 1954.

Mr. Maletz. Now, was the Corps of Engineers aware of the fact that when this contract was executed, Mr. Strobel was a Government employee?

Mr. Rhind. Not to my knowledge.

Mr. Maletz. Now, if the Corps of Engineers knew that Mr. Strobel was employed by the Government, would it have entered into this contract with Strobel and Salzman?

Mr. Rhind. I believe the answer to that is that we would not have.

Mr. Maletz. What was the amount of fee that Strobel and Salzman was to obtain?

Mr. Rhind. The contract figure is \$71,050.

Mr. Maletz. Now, you say if the Corps of Engineers had known that Mr. Strobel was a Government employee, it would not have executed the contract. And why is that?

Mr. Rhind. Because it is the policy of the Corps of Engineers not to deal with Government employees under contracts.

Mr. Maletz. How long has that policy been in effect?

Mr. Rhind. I would say that that policy has been in effect about as long as I have been associated with the Corps of Engineers, which is since 1943.

Mr. Maletz. Since when, sir?

Mr. Rhind. 1943.

Mr. Maletz. Since 1943.

Now, Mr. Rhind, when did the Corps of Engineers discover that it was as of April 1, 1954, that Mr. Strobel assumed a Government position?

Mr. Rhind. At a meeting which you and I attended in Mr. Sacks' office, at which time you told us that he had taken a position as full-time consultant, and that meeting was held on September 20th.

Mr. Maletz. September the 20th?

Mr. Rhind. Of this year.

Mr. Maletz. Now, if the Corps of Engineers had known immediately after it signed the contract that Mr. Strobel was a Government employee, what action would the Corps of Engineers

have taken? Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

Mr. Rhind. I believe I should pass that question, Mr. Maletz, to Mr. Zachrison, as the man that would probably have made that decision or would have had more to do with that decision than I.

Mr. Maletz. Is Mr. Zachrison here?

Mr. Rhind. Yes.

The Chairman. Will you come forward, Mr. Zachrison? You might raise your right hand, please.

Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. Zachrison. I do, sir.

**TESTIMONY OF HARRY B. ZACKRISON,
CHIEF, ENGINEERING DIVISION,
CORPS OF ENGINEERS, DEPARTMENT
OF THE ARMY**

Mr. Maletz. Just give your name and your affiliation to the stenographer.

Mr. Zackrison. My name is Harry B. Zackrison. I am Chief of the Engineering Division, Corps of Engineers.

The Chairman. You have heard the question as propounded to your colleague, and that he asked that you might answer.

Mr. Zackrison. I would like to have the question repeated.

The Chairman. Will you read it, Mr. Reporter?

(Question read.)

Mr. Zackrison. There are really two parts to that question, I believe. First, if the Corps of Engineers had known that Mr. Strobel was a consultant only and had no administrative or command responsibility in the Public Administration, that would be one answer. In that case, I do not believe we would have taken any action, provided that the delay as a result of negotiation might have been of importance in this particular project, which it was.

I believe that in the circumstances of the delay inherent in selecting a new architect-engineer, in renegotiation, which would have involved a delay of three to four to five weeks, that if all we had known was that Mr. Strobel was a consultant to the

General Services Administration, in that case I believe we would probably have continued the contract.

However, that would have been subject to discussion first, of course, with the Legal Division as to the legality of the question; two, with my superior, General Tulley.

Mr. Maletz. Now, suppose the Corps of Engineers had known that Mr. Strobel was a full-time consultant and was going to occupy that position for several months preparatory to assuming a post as Commissioner of Public Buildings; what action would the Corps have taken?

Mr. Zackrison. The answer I first gave is also applicable here in the event that delay would be serious. We would have given a much closer look, of course, to the circumstances. We would first of all determine the legality. No. 2, we would have gone to the Office of the Chief of the Transportation Corps to determine the need for the facilities which the firm of Strobel and Salzman were designing. We would have also reviewed the need for Mr. Strobel's services in connection with this particular contract.

Mr. Maletz. I take it, Mr. Zackrison, your answer would be the same as Mr. Rhind's, that if you had known of Mr. Strobel's Government position beforehand, the Corps would not have signed the contract; is that correct?

Mr. Zackrison. I cannot take that unequivocal stand, no, sir. I would have examined first, as I say, the legality; No. 2,

the need for the conclusion or the furnishing of the services by Strobel and Salzman. In the event that that was of paramount interest to the Government, I believe we would have taken that course.

On the other hand, if there were no need for these services within a given time limit, that we would have reconsidered.

Mr. Maletz. Now, Mr. Rhind indicated that it is the policy of the Corps of Engineers not to do business with Government employees.

Mr. Zackrison. I believe Mr. Rhind is in error in that respect. It is the policy of the Corps of Engineers not to do business with any Corps of Engineer employees. There has been no stated policy, so far as I know, restricting the choice of a Government employee.

As a matter of fact, it would have been subject to, let us say, discussion and determination prior to our selection of a Government employee. But this case has never come up before, to my knowledge.

Mr. Maletz. I see.

Now, if you had known that Mr. Strobel was a Government employee, would that have been kind of a red light to you to check this matter very carefully?

Mr. Zackrison. It certainly would.

Mr. Maletz. And would you have had considerable doubt about signing a contract?

Mr. Fine. I submit that he has answered the question.

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

Mr. Maletz. I think that is right.

Mr. Fine. He can answer the question many ways.

Mr. Maletz. Now, Mr. Rhind, did you prepare a memorandum summarizing the events in connection with the Strobel and Salzman hangar contract, which is the one we are talking about, the Strobel and Salzman contract with the Corps of Engineers?

Mr. Rhind. Did I prepare a memorandum?

Mr. Maletz. Yes.

Mr. Rhind. Not that I recall.

Mr. Maletz. I show you a three-page document and ask you whether you can identify it.

Mr. Rhind. I recognize this document. I did not prepare it.

Mr. Maletz. Who prepared it?

Mr. Rhind. I believe Mr. Williams, in the Engineering Division, prepared this.

Mr. Maletz. Is Mr. Williams here?

Mr. Zackrison. Yes.

Mr. Sacks. Do you want him called?

Mr. Maletz. Mr. Chairman?

Mr. Sacks. Do you want him?

Mr. Fine. Will you raise your right hand, please?

The Chairman. Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. Williams. I do.

TESTIMONY OF HOWARD WILLIAMS, CHIEF,
SPECIFICATION AND ESTIMATING BRANCH,
ENGINEERING DIVISION,
MILITARY CONSTRUCTION,
CORPS OF ENGINEERS.

The Chairman. Give your name and your affiliation.

Mr. Williams. Howard Williams, Chief of the Specification and Estimating Branch, Engineering Division, Military Construction.

Mr. Maletz. Mr. Williams, did you prepare that memorandum?

Mr. Williams. Yes, sir.

Mr. Maletz. You did prepare the memorandum?

Mr. Williams. Yes, sir.

Mr. Maletz. And can you tell us the nature of that

memorandum?

Mr. Williams. It is a record of event occurring at the time of the negotiation and shortly thereafter in connection with Contract 305, the helicopter hangar contract with Strobel & Salzman.

Mr. Maletz. . You did prepare that?

Mr. Williams. Yes, sir.

Mr. Maletz. When did you prepare it, Mr. Williams?

Mr. Williams. I do not know the exact date, but I would say approximately the middle of September, 1954.

Mr. Maletz. Mr. Chairman, I offer this memorandum in evidence at this point.

The Chairman. It will be accepted.

(The memorandum referred to is as follows:)

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
Mr. Maletz. This memorandum reads as follows:

"STROBEL AND SALZMAN--HELICOPTER HANGARS

"1. This office was instructed to prepare plans and specifications for helicopter hangars at the request of G-4, Transportation Corps and the Army Aviation Service. As a result of this request, negotiations for preparation of plans and specifications for 4,000, 12,000 and 20,000 square foot hangars occurred on 31 March 1954. Negotiated price for this work was \$71,050. Negotiations were approved and notice to proceed was given on 26 April 1954. The scheduled completion dates were as follows: sketch drawings to be submitted 7 days after notice to proceed for the 4,000 square foot hangars, and 21 days for the other two hangars. Definitives were to be completed within 30 days after approval of sketches. Working drawings to be completed within 85 days after approval of definitives. The A-E information form submitted at the time of the contract negotiations indicated the firm to be a partnership of Peter A. Strobel and Joseph Salzman, and was signed by Joseph Salzman, partner, 7 April 1954.

"2. On 1 July 1954 Mr. Strobel officially assumed duties as Commissioner, Public Buildings Administration.

"3. As a result of requirements by the using service for higher hangar doors and for crane runways in lieu of monorail systems, a modification was negotiated on 15 July 1954 in the amount of \$1,478.40. The modification is of such nature that

work on basic contract could not be logically completed without
Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
incorporation of the requirements of the modification. The
architect-engineer information form submitted in connection
with this modification again indicated a partnership of Mr.
Strobel and Mr. Salzman and was signed by Mr. Salzman on 19
July 1954.

"4. Approval of the negotiations for the contract modification was not accomplished because of objections by Legal Division that Mr. Strobel was now a Government employee and as such should not participate in profits resulting from Corps Engineers' contracts. On 4 August Mr. Schwartz, business manager for A-E was called and advised of the necessity of securing a statement of Mr. Strobel's nonparticipation in profits from Government contracts. Mr. Schwartz indicated that the firm was agreeable to any arrangement necessary to meet our requirements in the matter and that he would take up the matter immediately with Mr. Strobel. A confirming letter was dispatched on 4 August 1954 to Strobel and Salzman calling attention to Mr. Strobel's employment as Public Buildings Commissioner and requesting a statement regarding his participation in company profits.

"5. On 20 August at the request of General Tulley, Colonel Harris, Legal Division, and Mr. Williams, Engineering Division, briefed Mr. Berry of the Department of the Army Counselor's Office relative to the participation by Mr. Strobel in the

contract for Army hangars. The Army Counselor's Office had entered into the picture as a result of inquiry by the PBA Legal staff relating to our 4 August 1954 letter. Mr. Berry indicated that our stand with regard to Mr. Strobel's disassociating himself from company profits on Corps of Engineers contracts was ethically correct but to his knowledge was not legally required. Mr. Berry proposed to discuss this matter further with Public Buildings and presumed that a satisfactory answer to our 4 August letter would be forthcoming.

"6. On 16 September 1954 Mr. Schwartz in the office of Strobel and Salzman was contacted by 'phone and directed to stop all work on the contract. It was explained to Mr. Schwartz that this action was necessary pending clarification of Mr. Strobel's connection with the firm. On 17 September 1954 a call was received from Mr. Strobel who also had a representative from PBA Legal Division on the 'phone. The Corps of Engineers' stand in this matter was explained to Mr. Strobel. During the conversation, Mr. Strobel stated that he was the sole owner of the company and that Mr. Salzman's position was that of a paid partner. In view of this complication and because of other questions of a legal nature which were raised, Mr. Strobel and the PBA attorney were referred to Mr. McGregor of Legal Division. It is not known what discussions, if any, occurred as a result.

"7. By letter, dated 20 September 1954, the architect-

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

engineer indicated their regrets at the delay in answering our 4 August letter and stated that they expect Mr. Strobel to make a formal reply to the above-mentioned letter within the next few days. To date, no letter of confirmation has been sent the architect-engineer with reference to the verbal stop order of 16 September 1954.

"8. By letter, dated 20 September 1954, the architect engineer has indicated that the status of work in connection with the final drawings and specifications as follows: 4,000-square-foot hangar -- 85 per cent; 12,000-square-foot hangars -- 25 per cent; 20,000-square-foot hangar -- 65 per cent; all specifications -- 60 per cent.

"9. G-4 has previously indicated an urgency for completing these plans both to meet programmed construction of three hangars and to assist certain Congressional action on construction programs.

"10. Estimated cost of 20,000-square-foot hangar without shops is \$461,000."

Now, Mr. Rhind, do you know how this matter was finally resolved --

Mr. Rhind. The matter of the --

Mr. Maletz. Of disassociation by Mr. Strobel from his firm's profits resulting from this contract?

Mr. Rhind. The matter was never formally resolved. After a number of discussions, it was decided that it was in the best

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

interests of the government to proceed and complete the contract work and clean up the contract.

Mr. Maletz. Who made that decision?

Mr. Rhind. The decision was passed to me from Mr. Zackrison's office.

Mr. Maletz. Did Mr. Zackrison issue instructions to you?

Mr. Rhind. Not directly.

Mr. Maletz. I beg your pardon?

Mr. Rhind. Not directly.

Mr. Maletz. How did you get the instructions?

Mr. Rhind. Through Mr. Williams, I believe.

Mr. Maletz. All right. Mr. Williams, can you explain what transpired subsequently?

Mr. Williams. The decision came from Mr. Zackrison, from conversations with other people, I believe.

Mr. Maletz. Did Mr. Zackrison tell you to cancel out the stop order?

Mr. Williams. He was not aware, to the best of my knowledge, that a verbal stop order had been issued. That was an action that was taken by our Structures Branch. However, he was aware of the hold order on this modification to the contract, and it was in connection with that that he came to a final decision, or a final decision was reached, and we were instructed to continue the processing of the contract papers for the modification.

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

Mr. Maletz. Mr. Zackrison, can you clear this situation up? Can you tell us what happened? Was a stop order issued as indicated by Mr. Williams' memorandum?

Mr. Zackrison. I had no knowledge of a verbal stop order having been issued excepting as it occurs in this memorandum, and as I have been assured by others. I believe such a stop order was issued, and I believe it was issued for the purpose of expediting an answer from Strobel & Salzman; in other words, to give them a little push to giving an answer to our question.

Mr. Maletz. You mean, as to whether he would disassociate himself from his firm's profits?

Mr. Zackrison. That is correct.

Subsequent to that, there were discussions with the Legal Division, and I was assured that there were no legal objections to a continuance of the contracts.

After examining the situation, it seemed to me and to General Tulley that it was in the best interests of the government to continue with the contract in view of the amount of money already expended, in view of the additional expense that would have been incurred by reason of going to another architect-engineer. A considerable duplication of effort would have been required, as well as delaying the progress of the work. It was based on those facts that we decided to continue.

Mr. Maletz. You decided to continue even though Mr.

Strobel had not disassociated himself from the profits?

Mr. Zackrison. That is correct, sir.

Mr. Maletz. Did you also make any decision with respect to future contracts of Strobel & Salzman while Mr. Strobel is in government service?

Mr. Zackrison. It was decided that we would not have anymore contracts with Strobel & Salzman while he was in office.

Mr. Maletz. I have no further questions, Mr. Chairman.

The Chairman. No questions.

Thank you very much.

Mr. Robb. will you read into the record the telegrams that were received?

Mr. Robb. Yes.

Mr. Fine. Will you do that expeditiously?

Mr. Robb. Yes, sir, as fast as I can.

The first one I have here, Mr. Chairman, is addressed to you from Irwin S. Chanin, Head of Chanin Organization, Chanin Building, New York 17:

"I should like to present following character reference in behalf of Peter A. Strobel. I have known Strobel for more than 15 years and have had extensive dealings with him and his firm as consultant engineers. Have always found Strobel highly ethical, honest and proper in all respects and consider him a person of excellent moral character and reputation."

Signed, Irwin S. Chanin.

The second is signed "George E. Horr, Turner Construction Company." addressed to the Chairman:

"I was greatly surprised to read recent press reports about Peter Strobel and the conduct of his office. I do not believe the criticism is justified and since I cannot personally appear to speak in his behalf I take this opportunity to say that I have known him about 20 years and assure you is an able engineer with a fine reputation in the construction industry. In my position as Executive Vice President of the Turner Construction Company I have had many business relations with him and have always found him a man only of the highest technical ability but also of high personal character and integrity."

"George E. Horr."

The third wire is signed by John P. H. Perry, 1 West 54th Street, New York City, addressed to the Chairman:

"Understanding that your committee will continue tomorrow its investigation of Peter A. Strobel Commissioner of Buildings, General Services Administration. I take this method in view of my inability to be in Washington tomorrow to acquaint you with my knowledge of and opinion of the professional standing and character of Mr. Strobel. Should your hearings be postponed to later this coming week I will be glad to appear personally before you. I have known Mr. Strobel for twelve years. Solely in business and professional relationship."

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
"The consulting engineering firm of which he is the

senior partner has had for several years a high standing in the engineering and building construction in and radiating from New York City.

"Mr. Strobel has been a member of the American Society of Civil Engineers since 1944. As I have served as a Director of that Society and am a life member thereof, I can assure you that Mr. Strobel's full membership is a sound measure of the integrity of his professional performances.

"Personally I have been in a position for the last two decades to know pretty well the capacity and the character and integrity in New York City of engineers practicing in the manner that Mr. Strobel has.

"I am retired now but for thirty years prior to 1951 was Vice President and a Director of the Turner Construction Company of New York, Boston, Philadelphia, Chicago and Cincinnati. For most of 1952 and 1953, I was Deputy to the Assistant Secretary of the U. S. Air Force charged with responsibility of stimulating the construction of U. S. air bases on a world-wide basis.

"For nearly a year previous I was Chief of Construction of the Munitions Board of the Department of Defense and had several dealings with some of Mr. Strobel's predecessors in the General Services Administration and can assure you that from some contacts I have recently had with Mr. Strobel in his functioning

with that organization. ~~Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5~~ ~~the Congress and the United States~~

Government should consider themselves exceedingly fortunate by contrast to have Mr. Strobel doing his present job.

"John P. H. Perry."

Now, Mr. Chairman, we have two witnesses who have come down from New York to tell you what they know about Mr. Strobel. May I call them?

The Chairman. Yes.

Mr. Robb. Colonel Value and Mr. Manley, would you step forward, please?

Does the Chair wish me to examine these gentlemen, or does the Chair wish to do it?

The Chairman. I beg your pardon?

Mr. Fine. Do you want us to examine him or let him examine him?

The Chairman. No. You can examine them.

Mr. Robb. Colonel Value, would you have a seat over there, please?

The Chairman. Will you raise your right hand, please? One at a time.

Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. Manley. I do.

TESTIMONY OF F. MASON MANLEY.

NEW BRUNSWICK, NEW JERSEY.

The Chairman. Just give your name and your address.

Mr. Manley. Frank Mason Manley, Hillcrest River Road,
New Brunswick, New Jersey.

Mr. Robb. What is your occupation, Mr. Manley?

Mr. Manley. I am member of the Board of Directors of Johnson
& Johnson and Director of Construction.

The Chairman. Let me say, Mr. Robb, that this is very
unusual to have a rebuttal of this sort, and we feel that we
owe it to you and to your client that this proceeding be
developed this way, because inferences may be drawn from the
testimony that may be deleterious as far as your client is
concerned, and you should have the right to rebut these
inferences or any testimony that has been given.

I hope this is going to be a precedent for other congressional
committees to follow.

Mr. Robb. Thank you, Mr. Chairman. I appreciate the
courtesy very much.

Mr. Manley, what is your company's business?

Mr. Manley. We are manufacturers of surgical dressings
and allied products.

Mr. Robb. Could you tell us something of the scope of
your company's business, the size of your company?

Mr. Manley. We have plants in 20 nations and do business

in 100 nations.

Mr. Robb. And how long have you been with the company.
sir?

Mr. Manley. I have been with the company since 1916.

Mr. Robb. What are your particular duties. Mr. Manley?

Mr. Manley. My particular duties are to supervise the construction and the choosing of architects and engineers throughout the world.

Mr. Robb. And do you know Mr. Strobel?

Mr. Manley. Yes.

Mr. Robb. Do you know his firm as well?

Mr. Manley. Yes.

Mr. Robb. How long have you known Mr. Strobel and his firm?

Mr. Manley. I am not entirely clear, but I think it is 1946, the first association I had with Mr. Strobel.

Mr. Robb. And how have you happened to know him, sir?

Mr. Manley. He built a new plant in New Jersey, and we had Shreve, Lamb, & Harmon as the architects, and Mr. Strobel was an associate with that organization at that time.

Mr. Robb. And do you also know others in the building industry and the engineering profession who know Mr. Strobel?

Mr. Manley. Yes.

Mr. Robb. And his firm?

Mr. Manley. Yes.

Mr. Robb. And what can you tell us, Mr. Manley, about

Mr. Strobel's reputation for honesty and integrity?

Mr. Manley. Well, as you might suspect, gentlemen, a company who is progressing as we have been fortunate to are looking for the best possible talent to enlarge our facilities. We made a very diligent search for all types of talent. We have tried to use them in many ways. Therefore, we found Mr. Strobel and we gave him an opportunity and we have hired him direct in some instances; we have hired him through contractors in other instances; and we have hired him through architects in other instances.

His work has always been well done. We are extremely proud of the units which he helped build, and we have found nothing but distinct honesty and integrity in our dealings with him throughout the years.

Mr. Robb. And would you say that others in the industry hold the same view of him?

Mr. Manley. Yes. In our search we found the same thing.

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

Mr. Robb. And would the same thing be true of his firm?

Mr. Manley. Yes.

Mr. Robb. That is all I care to ask him.

The Chairman. No questions.

Mr. Robb. Colonel Value.

The Chairman. Will you raise your right hand? Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. Value. I do.

TESTIMONY OF BURNSIDE R. VALUE,

101 PARK AVENUE, NEW YORK 17, NEW YORK

The Chairman. Give your name and your address.

Mr. Value. Burnside Value; Seelye, Stevenson, Value & Knecht; partner.

Mr. Robb. Burnside R. Value?

Mr. Value. Burnside R. Value.

Mr. Robb. And where do you live, Mr. Value?

Mr. Value. New York.

Mr. Robb. And what is your occupation, sir?

Mr. Value. Consulting engineer.

Mr. Robb. What is your firm, sir?

Mr. Value. Seelye, Stevenson, Value & Knecht.

Mr. Robb. What is that firm, Colonel Value?

Mr. Value. General consulting engineers.

Mr. Robb. Could you tell us something about the size of

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
that firm and the scope of its work?

Mr. Value. We cover the field of structural, civil, mechanical, electrical, industrial, water supply, and sewage disposal.

Mr. Robb. How many employees do you have?

Mr. Value. Approximately 240.

Mr. Robb. And do you have offices all over the world?

Mr. Value. Not all over the world. We have offices in the United States, in New York, in Connecticut, and field offices in France and in England.

Mr. Robb. Would you say that your firm is in the same line of work that Mr. Strobel's firm is in?

Mr. Value. Our structural division is.

Mr. Robb. Your firm is not a client of Mr. Strobel?

Mr. Value. No.

Mr. Robb. In other words, if such a thing were ethical in your profession, you and Mr. Strobel's firm would be competitors; is that correct?

Mr. Value. Correct.

Mr. Robb. Colonel, could you tell us something of your own background, very briefly?

Mr. Value. I am a licensed professional engineer, an Army officer in the Corps of Engineers in World War I. I have occupied many positions prior to my going into partnership in this present firm, which occurred in 1947.

Mr. Robb. How long have you known Mr. Strobel?

Mr. Value. 1937.

Mr. Robb. And how do you happen to know him?

Mr. Value. I was assistant chief engineer of the New York World's Fair, and early in 1938 we needed a highly competent structural engineer to take charge of the structural work which we were designing at the time in the New York World's Fair organization. Mr. Scott, of Shreve, Lamb and Harmon, and I got together and tried to find the best one we could. We picked Mr. Strobel. He was engaged as an employee, and carried on until the end of the job, which he did very excellently.

He is a very fine technician, a fine engineer.

Mr. Robb. That was 1937?

Mr. Value. 1937, '38, and '39.

Mr. Robb. And you have known him ever since?

Mr. Value. Yes.

Mr. Robb. And you also know his firm, Strobel and Salzman?

Mr. Value. I know the firm.

Mr. Robb. And do you also know other engineers who know of Mr. Strobel and his firm?

Mr. Value. Yes, I do, because I know a great many of the engineers in New York City and a great many of the architects.

Mr. Robb. And what can you tell us, Colonel Value, as to the reputation of Mr. Strobel and his firm for honesty and integrity?

Mr. Value. As far as my own views are concerned, I can

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

tell you that I consider him absolutely honest and ethical.

Mr. Robb. And -- ?

Mr. Value. And from the viewpoint as President of the New York Association of Consulting Engineers for two years --

Mr. Robb. You were?

Mr. Value. I was. He was held in highest esteem by the other engineers in that organization. They were all engineering firms.

Mr. Robb. And would the same thing be said about his firm?

Mr. Value. Yes.

Mr. Robb. And what about their professional competency?

Mr. Value. Excellent.

Mr. Robb. By the way, Colonel, there has been some mention made here from time to time about engineering fees of \$6,000 or \$7,000. Let me ask you, sir, as something of an expert, if that is a large fee in the engineering field.

Mr. Value. No. It is very small.

Mr. Robb. Very small?

Mr. Value. I don't think he will reap any great benefit from those fees.

Mr. Robb. That is all I care to ask him, sir.

The Chairman. Good.

We need not have you on the stand any longer.

Mr. Robb. ~~Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5~~
The record will be held open for anything that you want to insert therein, either you or Mr. Strobel, for a reasonable length of time.

Mr. Robb. Yes, sir.

Now, Mr. Strobel, I think there are perhaps two or three things in the record that you might like to comment further on.

Does the Chair intend to hold further hearings, or would you like to have him do it now?

The Chairman. Suppose he does it now. Would it take long?

Mr. Robb. No, sir.

Might I examine him?

The Chairman. Mr. Strobel, please.

FURTHER TESTIMONY OF PETER A. STROBEL

The Chairman. Do you want to make some comment on the testimony, Mr. Strobel?

Mr. Robb. Mr. Chairman, it occurred that it might be well to have from Mr. Strobel a complete, coherent and cohesive narrative of his activity in connection with the so-called extras on the warehouse contract. And with the Chair's permission, I would like to have him give that to you very briefly now.

The Chairman. All right.

Go ahead, Mr. Strobel.

Mr. Fine. Have you a prepared statement?

Mr. Robb. Yes, sir.

The Chairman. Could I see it, Mr. Robb?

Mr. Robb. Yes, sir.

I might ask Mr. Strobel, to save time, if this statement which he prepared --

The Chairman. Let us run through it quickly.

Mr. Strobel. This contract was let by --

The Chairman. Will you excuse me a minute? Just a minute.

That is perfectly all right to put in the record. It will be accepted in the record.

Mr. Fine. May it be placed in the record as if it were testified to?

The Chairman. As if it were testified.

Mr. Robb. I might ask Mr. Strobel one question, as to whether or not he and I worked that statement out together, and whether or not it is accurate. Is that right, Mr. Strobel?

Mr. Strobel. That is correct.

(The statement referred to is as follows:)

Mr. Maletz. May I ask one question, Mr. Chairman? The question is this:

There are two separate Corps of Engineers contracts that we are talking about, as I understand it. One is the warehouse contract which goes back to 1953, and the eventual compensation paid to Strobel and Salzman was \$100,879; is that correct?

Mr. Strobel. No. That was the fee negotiated for this contract. It actually was negotiated in two parts. The first one was \$66,000 and the second part, \$34,000. And that came to almost \$101,000.

Mr. Maletz. And work on that contract, as you point out, was completed before you came to Washington?

Mr. Strobel. That is correct.

Mr. Maletz. And in 1955, you had some contact with the Corps of Engineers concerning a claim for extras on that?

Mr. Strobel. That is correct.

Mr. Maletz. Then there came a time, did there not, when on March 31, 1954, negotiation was completed on a new contract with the Corps of Engineers --

Mr. Strobel. Correct.

Mr. Maletz. -- to design helicopter hangars; is that correct?

Mr. Strobel. That is correct.

Mr. Maletz. And in connection with that second contract, there was this disassociation question?

Mr. Strobel. That is correct.

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5

Mr. Robb. That is correct.

Mr. Maletz. And in the first contract of 1953, you had the problem about the claim for extras; in connection with the second, you had the problem about disassociation?

Mr. Strobel. Right.

Mr. Robb. I have one question about the other contract, the March 31, 1954, contract.

Mr. Maletz. Yes.

Mr. Robb. Mr. Strobel, you testified, I believe, that you conferred with Mr. Williams and agreed on the fee on that contract on March 31, 1954; is that right?

Mr. Strobel. Correct.

Mr. Robb. I show you these longhand notes and ask if these are your notes made at the time showing that fee, which you agreed upon.

Mr. Strobel. That is correct.

Mr. Robb. Now, this notation here, "Accepted by Mr. Williams, 3/31/54," with an arrow pointing to the figure, \$71,050, is that your handwriting?

Mr. Strobel. That is correct.

Mr. Robb. Mr. Chairman, could this go in the record?

The Chairman. Could I see it?

Mr. Robb. This is our only copy. I wonder if I might substitute a photostat.

Approved For Release 2000/05/03 : CIA-RDP59-00882R000200380001-5
The Chairman. You might make a photostat of it and then

put it in the record.

Mr. Robb. Yes, sir.

Mr. Fine. Those are the notes he made at the time, on March 31, 1954.

The Chairman. That is all right.

Mr. Robb, you may put those in the record later, that is, photostat copies.

Mr. Robb. Yes, sir.

(The document referred to is as follows:)

COMMITTEE INSERT

Mr. Robb. Now, one further question, Mr. Chairman. I am trying to hurry.

Mr. Strobel, Mr. Moody testified that he prepared for you a statement, a draft of a statement, for you to submit to the Corps of Engineers, I believe, concerning your partnership status; is that correct?

Mr. Strobel. It was a draft that was supposed to be helpful to me in answering the question that had been raised by the Corps of Engineers due to the fact that I was at that time a Government employee.

Mr. Fine. Just before you ask the question, let us identify it. Is that the memorandum or the affidavit that was annexed to the first Moody report to Mr. Mansure?

Mr. Robb. That is correct; a memorandum.

Mr. Fine. Yes.

Mr. Robb. And Mr. Moody testified that you did not use that memorandum; is that correct?

Mr. Strobel. That is correct.

Mr. Robb. Now, tell us why.

Mr. Strobel. I think the reason is this, as you have just heard from testimony by the gentlemen from the Corps of Engineers, that it was decided to permit Strobel and Salzman to proceed with producing that work and completing it.

Mr. Maletz. Could I ask one question?

Mr. Strobel, I am not clear yet. Are you the sole owner of Strobel and Salzman, or are you a partner?

Mr. Strobel. I think it is pretty clear that Strobel and Salzman is a partnership. We have always filed all our tax papers and information on that basis. If I have at any time claimed I was the sole owner, that could be interpreted to mean that I personally would stand behind whatever responsibilities might be put on that company.

Mr. Fine. You were guaranteeing performance when you said you were the sole owner?

Mr. Strobel. That is right.

Mr. Fine. You were not talking about the legal effect of that arrangement between you and Mr. Salzman?

Mr. Strobel. Yes.

Mr. Robb. Now, Mr. Strobel, is it or is it not true that Mr. Salzman is guaranteed \$15,000 a year?

Mr. Strobel. That is correct.

Mr. Robb. So if your net profit for the year was only \$15,000, what would be his share of the net profit?

Mr. Strobel. You cannot have a share of something that does not exist.

Mr. Robb. It would be all of it, would it not?

Mr. Strobel. Well, it would not exist. But he would get that much money. It could cost me that much money for the firm of Strobel and Salzman.

Mr. Robb. Yes.

Thank you, Mr. Chairman.

671

May I at this time express to you --

Mr. Pine. Yes. Before you do, do not forget to put in the record the income.

Mr. Robb. We will do that.

Mr. Pine. (continuing) -- that was requested of Mr. Strobel prior to and after he became the Commissioner.

Mr. Robb. We will do that, sir.

And I thank the Chairman for your very great courtesy.

Mr. Pine. I think the Chairman ought to bite his tongue on that one.

The Chairman. Thank you, Mr. Robb.

Mr. Robb. Thank you for your great courtesy.

The Chairman. It has been nice to have you with us, and I hope you will be with us again under more auspicious circumstances.

Mr. Robb. This is the most pleasant Congressional hearing I have ever attended.

The Chairman. The hearing is now adjourned as far as Mr. Strobel is concerned, and the committee will reconvene on Wednesday, November 24, at 2:30, when the committee will hear from Arthur Fleming, Office of Defense Mobilization.

(Whereupon, at 5:25 o'clock p.m., the subcommittee adjourned to reconvene at 2:30 o'clock p.m., Wednesday, November 2, 1955.)